

# *Staff Paper*

## **1997 Business Analysis Summary for Dairy Farms**

by

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# 1997 BUSINESS ANALYSIS SUMMARY FOR DAIRY FARMS

## Michigan Data from Telfarm/MicroTel, AgriSolutions, and Salisbury Mgt. Services Staff Paper No. 98-29

by

**Sherrill B. Nott<sup>1</sup>**

58 pages

### **Introduction**

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### Data Source

Farm types were assigned using the 1992 Census of Agriculture's Standard Industrial Classification (SIC) definitions. Basically, any farm with 50 percent or more of value of farm sales from one item becomes a farm of that type. Dairy farms have 50 percent or more of value of combined sales from milk and cull dairy animals.

This report is a summary of the financial and production records kept by dairy farmers enrolled in the Telfarm/MicroTel record program through Michigan State University Extension, or were accounting clients of either AgriSolutions or Salisbury Management Services. Farm

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<sup>1</sup>Co-workers in the Telfarm/MicroTel project were L. Borton, R. Hepp, D. Stein, T. Purdy, S. Harsh, M. Kelsey, R. Betz, G. Schwab, R. Clark, W. Schauer, V. Varner and G. Kole with the assistance of MSU Extension Agents in Michigan. AgriSolutions co-workers included Gary Lenneman and Kelly Tobin. Salisbury Management co-worker was Mike Fassler.

records were included if a Finan<sup>2</sup> summary was completed on 1997 data including beginning and ending balance sheets, income and expenses plus crop acres and yields. The summary was included if cash discrepancy was less than 10% of gross cash inflow, and if the debt discrepancy was less than \$1,000. The averages are reported in the tables below; it should be recognized that considerable variability exist in the data. In statistical terms, the expected standard deviations would be large.

This report has three purposes: 1)to provide statistical information about the financial results on dairy farms during 1997; 2)to provide production costs for comparative analysis and forward planning; and 3)to provide information on the trends in resource use, income and costs during the last few years. Following long term trends may be a problem, as Telfarm/MicroTel and the Department of Agricultural Economics in 1995 adopted Finansum,<sup>3</sup> a different software package than had been previously used for doing annual analysis. For dairy farm averages for 1995, see Staff Paper No. 96-86, Michigan Farm Database, New Directions for 1995; it contains averages of 106 dairy calculated with Finansum. Staff Paper No. 97-31, Business Analysis Summary for Dairy Farms, contains averages of 146 dairy farms for 1996. These staff papers are available from me.

Finansum allows rapid analysis of group averages with some degree of choice over how the results are presented. I chose to show the average of the high or low 25 percent by net income, but only if the 25 percent meant 6 or more farms. The farm was accepted in the average regardless of whether the farm was a proprietorship, partnership, limited liability company, or corporation. Finansum will produce a variety of report options; a subset is included in this publication.

The farms included in the averages below are not a random sample. Most of them kept their financial records with Michigan State University's Telfarm/MicroTel accounting project, with AgriSolutions, or with Salisbury Management Services. The averages may be representative of bigger and better managed dairy farms.

This document may be found and downloaded from the following:

<http://www.msu.edu/user/nott>

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<sup>2</sup> Finan = financial analysis, one of the parts of Finpack, a financial software package from the Center for Farm Financial Management at the University of Minnesota.

<sup>3</sup> Finansum provides summarization calculations for data files generated by Finan. It also comes from the Center for Farm Financial Management.

Table A1. **Livestock and Crop Production Summary, 1997**

Michigan Dairy Farms, All Sizes  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Dairy			
Number of farms	132	33	33
Avg. number of Cows	184.7	182.6	300.1
Milk produced per Cow	20908	20242	22287
Percent of barn capacity	95.6	91.5	95.9
Avg. milk price per cwt.	13.74	13.77	13.72
ACREAGE SUMMARY			
Total Acres Owned	433	405	597
Total Crop Acres	693	645	1009
Crop Acres Owned	381	352	531
Crop Acres Cash Rented	299	292	437
Crop Acres Share Rented	12	0	41
AVERAGE PRICE RECEIVED (Cash Sales Only)			
Corn per bu.	2.54	2.37	2.66
Wheat, Winter per bu.	3.36	3.47	3.35
Soybeans per bu.	6.39	-	5.99
AVERAGE YIELD PER ACRE			
Corn (bu.)	105.67	97.39	111.63
Hay, Alfalfa (ton)	5.00	2.96	6.85
Corn Silage (ton)	16.18	14.60	17.70
Haylage, Alfalfa (ton)	5.83	5.40	5.64
Soybeans (bu.)	42.34	40.86	44.04
Wheat, Winter (bu.)	62.23	59.72	67.42
Hay, Grass (ton)	3.36	2.75	5.32
Barley (bu.)	56.43	-	-

Table A2. **FARM INCOME STATEMENT, 1997**Michigan Dairy Farms, All Sizes  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	132	33	33
CASH FARM INCOME			
Asparagus	57	-	227
Green Beans	256	-	769
Cordwood	83	81	-
Corn	6011	6172	9261
Corn Silage	338	515	290
Seed Corn	323	-	1143
Alfalfa Hay	149	-	8
Mixed Hay	347	565	239
Mixed Alfalfa/Grass Hay	34	137	-
Alfalfa Haylage	103	-	396
Mixed Haylage	331	75	648
Maple Syrup	0	-	-
Oats	107	87	-
Popcorn	161	-	644
Shrubs	2	-	-
Sorghum Silage	3	-	-
Grain Sorghum	116	-	-
Soybeans	7540	4486	10796
Straw	109	143	55
Sugar Beets	963	-	3435
Spring Wheat	21	85	-
Winter Wheat	5261	3718	7336
Beef Calves	4	-	-
Finish Beef Calves	676	1489	-
Milk	530678	509066	917447
Dairy Calves	3133	2769	4888
Dairy Heifers (for sale)	91	-	153
Dairy Replacement Heifers	348	128	377
Dairy Steers	9601	8155	14990
Raised Hogs	1353	-	6
Finish Feeder Pigs	17	-	26
Foals	60	-	-
Aquaculture	162	493	-
Finish Cull Cows	194	-	777
Weaning to Finish	7	-	-
Cull breeding livestock	21040	19427	31939
Misc. livestock income	81	-	-
Deficiency payments	1259	1001	1164
CRP payments	133	97	-
Other government payments	9608	8771	15301
Custom work income	1663	437	2000
Patronage dividends, cash	2815	3135	4975
Insurance income	3557	8835	643
Other farm income	4070	3879	5801
Gross Cash Farm Income	612865	583744	1035734

Table A3. **FARM INCOME STATEMENT, 1997 (Continued)**Michigan Dairy Farms, All Sizes  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	132	33	33
<b>CASH FARM EXPENSE</b>			
Seed	12140	10752	19057
Fertilizer	21302	15714	34547
Crop chemicals	12896	12208	18996
Crop insurance	274	218	195
Drying fuel	370	149	664
Irrigation energy	179	-	524
Crop marketing	497	1475	428
Crop miscellaneous	589	250	1622
Feeder livestock purchase	31	12	15
Purchased feed	162222	168347	286236
Breeding fees	4902	3126	10153
Veterinary	20122	22778	32027
Livestock supplies	20740	17286	38148
Livestock leases	899	70	1398
Grazing fees	11	-	45
Livestock marketing	20457	19037	34190
Interest	33923	46622	38879
Fuel & oil	12909	13946	17424
Repairs	32370	29857	48363
Custom hire	12639	18280	19178
Hired labor	87211	88025	154998
Land rent	19177	19222	28175
Machinery & bldg leases	6557	6048	12375
Real estate taxes	4916	5189	7462
Personal property taxes	145	70	12
Farm insurance	7372	9273	9196
Utilities	13982	15210	19029
Dues & professional fees	3816	4058	6746
Hedging account deposits	37	-	-
Miscellaneous	22369	25039	28020
Total cash expense	535055	552262	868102
Net cash farm income	77810	31482	167632
<b>INVENTORY CHANGES</b>			
Crops and feed	24735	9935	49299
Market livestock	105	-622	1134
Accounts receivable	-2785	-10948	-3360
Prepaid expenses and supplies	3714	-739	17344
Accounts payable	-1000	-4235	3446
Total inventory change	24769	-6608	67863
Net operating profit	102579	24874	235495
<b>DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS</b>			
Breeding livestock	-776	-17729	21717
Machinery and equipment	-36114	-30909	-65582
Buildings and improvements	-11496	-13185	-17528
Other farm capital	763	389	651
Total depr. and other capital adj	-47623	-61434	-60742
Net farm income	54956	-36560	174753

Table A4. **INVENTORY CHANGES, 1997**  
Michigan Dairy Farms, All Sizes  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	132	33	33
Net cash farm income	77810	31482	167632
CROPS AND FEED			
Ending inventory	136062	113730	221778
Beginning inventory	111327	103794	172479
Inventory change	24735	9935	49299
MARKET LIVESTOCK			
Ending inventory	7940	7767	7458
Beginning inventory	7835	8389	6325
Inventory change	105	-622	1134
ACCTS RECEIVABLE & OTHER CURRENT ASSETS			
Ending inventory	26094	17470	53327
Beginning inventory	28879	28418	56687
Inventory change	-2785	-10948	-3360
PREPAID EXPENSES AND SUPPLIES			
Ending inventory	17359	3383	53472
Beginning inventory	13646	4122	36128
Inventory change	3714	-739	17344
ACCOUNTS PAYABLE			
Beginning inventory	20653	40271	19764
Ending inventory	21607	44505	16318
Inventory change	-1000	-4235	3446
Total inventory change	24769	-6608	67863
Net operating profit	102579	24874	235495

Table A5. **DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS, 1997**Michigan Dairy Farms, All Sizes  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	132	33	33
Net operating profit	102579	24874	235495
<b>BREEDING LIVESTOCK</b>			
Ending inventory	307563	302891	505181
Capital sales	6459	10927	5577
Beginning inventory	293729	309625	453552
Capital purchases	21069	21921	35488
Depreciation, capital adj.	-776	-17729	21717
<b>MACHINERY AND EQUIPMENT</b>			
Ending inventory	140692	139506	246232
Capital sales	3418	6683	1761
Beginning inventory	136028	141700	233504
Capital purchases	44195	35399	80072
Depreciation, capital adj.	-36114	-30909	-65582
<b>BUILDINGS AND IMPROVEMENTS</b>			
Ending inventory	119561	129544	193465
Capital sales	680	898	1620
Beginning inventory	107433	125524	170450
Capital purchases	24305	18103	42163
Depreciation, capital adj.	-11496	-13185	-17528
<b>OTHER CAPITAL ASSETS</b>			
Ending inventory	26254	23110	53142
Capital sales	12406	11586	19505
Beginning inventory	26827	24067	50039
Capital purchases	11071	10239	21958
Depreciation, capital adj.	763	389	651
Total depreciation, capital adj.	-47623	-61434	-60742
Net farm income	54956	-36560	174753



Table A6. **PROFITABILITY AND LIQUIDITY ANALYSIS, 1997**

**Michigan Dairy Farms, All Sizes**  
**(Farms sorted by Net Farm Income)**

	Avg. Of All Farms	Avg. Of Low 25 %	Avg. Of High 25 %	Avg. Of All Farms	Avg. Of Low 25 %	Avg. Of High 25 %
Number of Farms	132	33	33	132	33	33
PROFITABILITY	----- Cost -----			----- Market -----		
Net farm income	54956	-36560	174753	98586	4214	234867
Labor and management earnings	25654	-54936	114503	48692	-35557	147560
Rate of return on assets	4.1 %	-3.7 %	9.4 %	6.3 %	0.6 %	10.2 %
Rate of return on equity	0.8 %	-27.0 %	10.7 %	5.7 %	-5.9 %	11.5 %
Operating profit margin	8.1 %	-8.3 %	17.9 %	17.3 %	2.0 %	25.2 %
Asset turnover rate	50.1 %	44.2 %	52.6 %	36.4 %	31.3 %	40.4 %
Interest on farm net worth	29302	18376	60250	49895	39771	87307
Farm interest expense	34246	46917	38752	34246	46917	38752
Value of operator lbr and mgmt.	51057	43074	67216	51057	43074	67216
Return on farm assets	38145	-32718	146289	81775	8056	206403
Average farm assets	941451	895824	1556167	1295978	1263263	2025225
Return on farm equity	3899	-79634	107537	47530	-38860	167651
Average farm equity	482920	295410	1004165	831199	662849	1455115
Value of farm production	471891	396021	818272	471891	396021	818272

	Average Of All Farms	Average Of Low 25 %	Average Of High 25 %
Number of Farms	132	33	33
LIQUIDITY (Cash)			
Net cash farm income	77810	31482	167632
Net nonfarm income	6296	8102	3721
Family living and taxes	52060	30079	102910
Real estate principal payments	14006	16089	19039
Cash available for interm. debt	18040	-6584	49403
Average intermediate debt	161525	198058	192879
Years to turnover interm. debt	9.0	**	3.9
Expense as a % of income	87 %	95 %	84 %
Interest as a % of income	6 %	8 %	4 %
LIQUIDITY (Accrual)			
Total accrual farm income	634920	582109	1082806
Total accrual farm expense	532341	557236	847311
Net accrual operating income	102579	24874	235495
Net nonfarm income	6296	8102	3721
Family living and taxes	52060	30079	102910
Real estate principal payments	14006	16089	19039
Available for intermediate debt	42810	-13192	117266
Average intermediate debt	161525	198058	192879
Years to turnover interm. debt	3.8	**	1.6
Expense as a % of income	84 %	96 %	78 %
Interest as a % of income	5 %	8 %	4 %

Table A7. **BALANCE SHEET AT COST VALUES, 1997**  
**Michigan Dairy Farms, All Sizes**  
**(Farms sorted by Net Farm Income)**

Number of Farms	Average Of All Farms		Average Of Low 25 %		Average Of High 25 %	
	132		33		33	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>ASSETS</b>						
Current Farm Assets						
Cash and checking balance	13505	10564	6292	6644	31167	11949
Prepaid expenses & supplies	13646	17359	4122	3383	36128	53472
Growing crops	7761	8245	7728	8318	10695	10492
Accounts receivable	16160	14847	19233	8204	32667	35430
Hedging accounts	-	-	-	-	-	-
Crops held for sale or feed	109679	132892	102109	111913	171854	220262
Crops under government loan	1648	3169	1685	1816	625	1516
Market livestock held for sale	7835	7940	8389	7767	6325	7458
Other current assets	4958	3002	1457	948	13325	7405
Total current farm assets	175192	198020	151016	148994	302785	347985
Intermediate Farm Assets						
Breeding livestock	293729	307563	309625	302891	453552	505181
Machinery and equipment	136028	140692	141700	139506	233504	246232
Other intermediate assets	18480	20317	16772	16761	45187	48290
Total intermediate farm assets	448237	468571	468097	459157	732244	799703
Long-Term Farm Assets						
Farm land	171041	180563	146052	149620	269692	286306
Buildings and improvements	107433	119561	125524	129544	170450	193465
Other long-term assets	8347	5938	7295	6349	4851	4852
Total long-term farm assets	286821	306062	278872	285512	444994	484623
Total Farm Assets	910249	972653	897984	893664	1480023	1632311
Total Nonfarm Assets	23273	27934	11567	13982	23982	27496
Total Assets	933522	1000587	909551	907645	1504004	1659807
<b>LIABILITIES</b>						
Current Farm Liabilities						
Accrued interest	877	1200	917	1212	1288	1162
Accounts payable	19776	20408	39353	43293	18476	15157
Current notes	36084	47520	52827	71594	32043	43807
Government crop loans	1143	2318	1021	1253	430	1093
Principal due on term debt	42325	43978	52123	54280	52512	60617
Total current farm liabilities	100210	115427	146242	171632	104768	121855
Intermediate Farm Liabilities	132244	134188	158753	161141	160176	160825
Long-term Farm Liabilities	200490	234504	277221	285839	244786	311594
Total Farm Liabilities	432944	484119	582216	618612	509730	594273
Total Nonfarm Liabilities	2004	1668	-	-	-	-
Total Liabilities	434948	485787	582216	618612	509730	594273
Net Worth (farm and nonfarm)	498574	514800	327335	289033	994275	1065533
Net Worth Change		16226		-38302		71259
<b>RATIO ANALYSIS</b>						
Current Farm Liabilities / Assets	57 %	58 %	97 %	115 %	35 %	35 %
Curr. & Interm Farm Liab / Assets	37 %	37 %	49 %	55 %	26 %	25 %
Long Term Farm Liab. / Assets	70 %	77 %	99 %	100 %	55 %	64 %
Total Liabilities / Assets	47 %	49 %	64 %	68 %	34 %	36 %

Table A8. **BALANCE SHEET AT MARKET VALUES, 1997**  
**Michigan Dairy Farms, All Sizes**  
**(Farms sorted by Net Farm Income)**

Number of Farms	Average Of All Farms		Average Of Low 25 %		Average Of High 25 %	
	132		33		33	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>ASSETS</b>						
Current Farm Assets						
Cash and checking balance	13505	10564	6292	6644	31167	11949
Prepaid expenses & supplies	13646	17359	4122	3383	36128	53472
Growing crops	7761	8245	7728	8318	10695	10492
Accounts receivable	16160	14847	19233	8204	32667	35430
Hedging accounts	-	-	-	-	-	-
Crops held for sale or feed	109679	132892	102109	111913	171854	220262
Crops under government loan	1648	3169	1685	1816	625	1516
Market livestock held for sale	7835	7940	8389	7767	6325	7458
Other current assets	4958	3002	1457	948	13325	7405
Total current farm assets	175192	198020	151016	148994	302785	347985
Intermediate Farm Assets						
Breeding livestock	303888	317648	309625	304223	487011	537027
Machinery and equipment	238659	255678	221697	238470	338644	363971
Other intermediate assets	19155	20776	17875	17399	45829	49147
Total intermediate farm assets	561701	594103	549198	560092	871483	950145
Long-Term Farm Assets						
Farm land	384455	415186	375639	387756	558652	604882
Buildings and improvements	112681	131718	155825	171780	179919	220144
Other long-term assets	9040	9859	13360	12868	6767	7687
Total long-term farm assets	506177	556764	544823	572404	745338	832713
Total Farm Assets	1243070	1348886	1245037	1281490	1919607	2130843
Total Nonfarm Assets	41059	52558	23267	28835	43706	77843
Total Assets	1284129	1401444	1268304	1310325	1963312	2208686
<b>LIABILITIES</b>						
Current Farm Liabilities						
Accrued interest	877	1200	917	1212	1288	1162
Accounts payable	19776	20408	39353	43293	18476	15157
Current notes	36084	47520	52827	71594	32043	43807
Government crop loans	1143	2318	1021	1253	430	1093
Principal due on term debt	42325	43978	52123	54280	52512	60617
Total current farm liabilities	100210	115427	146242	171632	104768	121855
Intermediate Farm Liabilities	132244	134188	158753	161141	160176	160825
Long-term Farm Liabilities	200490	234504	277221	285839	244786	311594
Total Farm Liabilities	432944	484119	582216	618612	509730	594273
Total Nonfarm Liabilities	2004	1668	-	-	-	-
Total Deferred Liabilities	6309	6091	0	0	18482	17316
Total Liabilities	441257	491878	582216	618612	528212	611589
Net Worth (farm and nonfarm)	842871	909566	686088	691713	1435100	1597097
Net Worth Change		66694		5625		161996
<b>RATIO ANALYSIS</b>						
Current Farm Liabilities / Assets	57 %	58 %	97 %	115 %	35 %	35 %
Curr. & Inter Farm Liab. / Assets	32 %	32 %	44 %	47 %	23 %	22 %
Long Term Farm Liabilities / Assets	40 %	42 %	51 %	50 %	33 %	37 %
Total Liabilities / Assets	34 %	35 %	46 %	47 %	27 %	28 %

Table A9. **STATEMENT OF CASH FLOWS, 1997**  
Michigan Dairy Farms, All Sizes  
(Farms sorted by Net Farm Income)

		Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms		132	33	33
(a) Beginning cash balance (farm & nonfarm)		14083	6534	31167
CASH FROM OPERATING ACTIVITIES				
Gross cash farm income		612865	583744	1035734
Net nonfarm income	(+)	6296	8102	3721
Total cash farm expense	(-)	535055	552262	868102
Apparent family living expense	(-)	47090	28489	91181
Income and social security tax	(-)	4970	1590	11730
(b) Cash from operations	(=)	32046	9505	68442
CASH FROM INVESTING ACTIVITIES				
Sale of breeding livestock		6459	10927	5577
Sale of machinery & equipment	(+)	3418	6683	1761
Sale of farm land	(+)	61	-	-
Sale of farm buildings	(+)	680	898	1620
Sale of other farm assets	(+)	12406	11586	19505
Sale of nonfarm assets	(+)	1623	964	6
Purchase of breeding livestock	(-)	21069	21921	35488
Purchase of machinery & equip.	(-)	44195	35399	80072
Purchase of farm land	(-)	11801	4414	18716
Purchase of farm buildings	(-)	24305	18103	42163
Purchase of other farm assets	(-)	11071	10239	21958
Purchase of nonfarm assets	(-)	1579	747	819
(c) Cash from investing activities	(=)	-89374	-59764	-170747
CASH FROM FINANCING ACTIVITIES				
Money borrowed		166521	186085	208030
Cash gifts and inheritances	(+)	7370	18688	4205
Principal payments	(-)	116346	153980	120034
Dividends paid	(-)	-	-	-
Gifts given	(-)	3094	182	9114
(d) Cash from financing activities	(=)	54450	50611	83087
(e) Net change in cash balance (b+c+d)		-2877	352	-19218
Ending cash balance (farm & nonfarm)		11206	6885	11949

Table A10. **FINANCIAL GUIDELINES MEASURES, 1997**  
**Michigan Dairy Farms, All Sizes**  
**(Farms sorted by Net Farm Income)**

	Average For All Farms		Average For Low 25 %		Average For High 25 %	
Number of Farms	132		33		33	
LIQUIDITY	Beginning	Ending	Beginning	Ending	Beginning	Ending
Current ratio	1.75	1.72	1.03	0.87	2.89	2.86
Working capital	74982	82593	4773	-22638	198017	226130
SOLVENCY (Market)	Beginning	Ending	Beginning	Ending	Beginning	Ending
Farm debt to asset ratio	35 %	36 %	47 %	48 %	28 %	29 %
Farm equity to asset ratio	65 %	64 %	53 %	52 %	72 %	71 %
Farm debt to equity ratio	55 %	57 %	88 %	93 %	38 %	40 %
PROFITABILITY	Cost	Market	Cost	Market	Cost	Market
Rate of return on farm assets	4.1 %	6.3 %	-3.7 %	0.6 %	9.4 %	10.2 %
Rate of return on farm equity	0.8 %	5.7 %	-27.0 %	-5.9 %	10.7 %	11.5 %
Operating profit margin	8.1 %	17.3 %	-8.3 %	2.0 %	17.9 %	25.2 %
Net farm income	54956	98586	-36560	4214	174753	234867
REPAYMENT CAPACITY	Cash	Accrual	Cash	Accrual	Cash	Accrual
Term debt coverage ratio	78 %	131 %	18 %	5 %	122 %	214 %
Capital replacement margin	-10467	14302	-42618	-49226	15930	83793
EFFICIENCY						
Asset turnover rate (market)	36.4 %		31.3 %		40.4 %	
Operating expense ratio	78.5 %		87.7 %		74.7 %	
Depreciation expense ratio	7.5 %		10.6 %		5.6 %	
Interest expense ratio	5.4 %		8.1 %		3.6 %	
Net farm income ratio	8.7 %		-6.3 %		16.1 %	

LABOR ANALYSIS

	Average For All Farms		Average For Low 25 %		Average For High 25 %	
Number of Farms	128		31		32	
Total unpaid labor hours	5016		4711		5775	
Total hired labor hours	7463		7728		12467	
Total labor hours per farm	12479		12439		18242	
Value of farm production / hour	37.41		29.88		45.25	
Net farm income / unpaid hour	11.26		-7.10		30.51	

Table A11. **OPERATOR INFORMATION & NONFARM SUMMARY, 1997**Michigan Dairy Farms, All Sizes  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	132	33	33
OPERATOR INFORMATION			
Average number of operators	1.6	1.5	2.0
Average age of operators	48.6	49.1	48.6
Average number of years farming	23.9	26.9	23.2
NONFARM INCOME			
Nonfarm wages & salary	1678	2159	633
Nonfarm business income	12	124	-84
Nonfarm rental income	722	719	1558
Nonfarm interest income	968	510	1163
Nonfarm cash dividends	26	32	1
Tax refunds	364	511	-
Nontaxable nonfarm income	-	-	-
Gifts and inheritances	7370	18688	4205
Other nonfarm income	2526	4047	450
Total nonfarm income	13666	26790	7926

	Average For All Farms	
	Beginning	Ending
NONFARM ASSETS (Mkt)		
Checking & savings	579	642
Stocks & bonds	258	290
Other current assets	27	92
Furniture & appliances	3011	3280
Nonfarm vehicles	1777	2314
Cash value of life ins.	6149	6588
Retirement accounts	5100	6156
Other intermediate assets	3546	4215
Nonfarm real estate	17870	26210
Other long term assets	2743	2771
Total nonfarm assets	41059	52558

Table B1. **Livestock and Crop Production Summary, 1997**  
 10 to 75 Milk Cows, 17 Michigan Counties  
 (Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Dairy			
Number of farms	24	6	6
Avg. number of Cows	52.7	53.3	56.7
Milk produced per Cow	17523	17597	15545
Percent of barn capacity	96.8	85.8	98.6
Avg. milk price per cwt.	13.56	13.37	13.84
ACREAGE SUMMARY			
Total Acres Owned	243	308	288
Total Crop Acres	325	406	356
Crop Acres Owned	180	246	253
Crop Acres Cash Rented	141	157	91
Crop Acres Share Rented	4	3	12
AVERAGE PRICE RECEIVED (Cash Sales Only)			
Corn per bu.	2.33	-	-
Soybeans per bu.	6.64	-	-
Wheat, Winter per bu.	3.37	-	-
AVERAGE YIELD PER ACRE			
Hay, Alfalfa (ton)	3.42	-	-
Corn (bu.)	88.35	-	-
Corn Silage (ton)	12.18	-	-
Hay, Mixed (ton)	1.53	-	-
Soybeans (bu.)	36.08	-	-
Wheat, Winter (bu.)	61.00	-	-
Hay, Native Grass (ton)	2.70	-	-
Oats (bu.)	70.12	-	-
Barley (bu.)	62.00	-	-

Table B2. **FARM INCOME STATEMENT, 1997**  
 10 to 75 Milk Cows, 20 Michigan Counties  
 (Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	24	6	6
CASH FARM INCOME			
Corn	2964	4438	1306
Corn Silage	271	-	1083
Seed Corn	123	-	492
Alfalfa Hay	216	-	40
Mixed Hay	32	-	-
Mixed Alfalfa/Grass Hay	189	755	-
Mixed Haylage	102	410	-
Oats	163	476	94
Sorghum Silage	18	-	-
Soybeans	6253	4698	9845
Straw	118	461	-
Sugar Beets	574	-	2297
Spring Wheat	117	467	-
Winter Wheat	1927	859	3223
Beef Calves	23	-	-
Finish Beef Calves	24	-	-
Milk	125334	125480	121924
Dairy Calves	739	1265	802
Dairy Heifers (for sale)	291	-	-
Dairy Replacement Heifers	30	-	-
Dairy Steers	3806	3783	9319
Foals	329	-	1317
Cull breeding livestock	10105	14689	9955
Deficiency payments	2070	2292	4621
Other government payments	2219	739	1212
Custom work income	846	133	-
Patronage dividends, cash	814	561	614
Insurance income	698	2311	-
Other farm income	1581	2492	1678
Gross Cash Farm Income	161977	166310	169824



Table B3. **FARM INCOME STATEMENT, 1997 (Continued)**

10 to 75 Milk Cows, 20 Michigan Counties

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	24	6	6
CASH FARM EXPENSE			
Seed	4184	3729	6848
Fertilizer	7184	5871	10672
Crop chemicals	5099	2460	11342
Crop insurance	25	15	17
Drying fuel	105	-	-
Crop marketing	43	129	-
Crop miscellaneous	85	244	-
Feeder livestock purchase	17	67	-
Purchased feed	31234	36140	24254
Breeding fees	716	691	232
Veterinary	4238	5519	4233
Livestock supplies	5296	10465	4679
Livestock leases	4	-	17
Livestock marketing	5878	7976	3437
Interest	10979	13009	10119
Fuel & oil	4218	3742	5223
Repairs	10213	11274	10428
Custom hire	2232	2024	761
Hired labor	11844	12585	10053
Land rent	4749	2259	8863
Machinery & bldg leases	2001	3147	523
Real estate taxes	1964	2007	2023
Personal property taxes	55	150	57
Farm insurance	3347	3431	4466
Utilities	4676	5185	4478
Dues & professional fees	1180	1583	268
Hedging account deposits	201	-	804
Miscellaneous	7237	3724	8265
Total cash expense	129002	137424	132061
Net cash farm income	32975	28886	37763
INVENTORY CHANGES			
Crops and feed	100	-10822	12376
Market livestock	356	523	-282
Accounts receivable	-659	-327	-3680
Prepaid expenses and supplies	1857	65	6289
Accounts payable	-388	-4713	3998
Total inventory change	1266	-15274	18700
Net operating profit	34240	13612	56463
DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS			
Breeding livestock	-2138	-3959	-1316
Machinery and equipment	-13249	-14309	-14146
Buildings and improvements	-4387	-5707	-5301
Other farm capital	-557	-1384	-41
Total depr. and other capital adj	-20331	-25360	-20804
Net farm income	13910	-11748	35659

Table B4. **INVENTORY CHANGES, 1997**  
 10 to 75 Milk Cows, 20 Michigan Counties  
 (Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	24	6	6
Net cash farm income	32975	28886	37763
CROPS AND FEED			
Ending inventory	41811	32884	61587
Beginning inventory	41711	43706	49211
Inventory change	100	-10822	12376
MARKET LIVESTOCK			
Ending inventory	2805	1903	5464
Beginning inventory	2449	1380	5746
Inventory change	356	523	-282
ACCTS RECEIVABLE & OTHER CURRENT ASSETS			
Ending inventory	5382	3054	5446
Beginning inventory	6041	3380	9126
Inventory change	-659	-327	-3680
PREPAID EXPENSES AND SUPPLIES			
Ending inventory	2717	433	7054
Beginning inventory	860	369	765
Inventory change	1857	65	6289
ACCOUNTS PAYABLE			
Beginning inventory	3821	5604	8270
Ending inventory	3958	10317	3272
Inventory change	-388	-4713	3998
Total inventory change	1266	-15274	18700
Net operating profit	34240	13612	56463

Table B5. **DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS, 1997**  
 10 to 75 Milk Cows, 20 Michigan Counties  
 (Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	24	6	6
Net operating profit	34240	13612	56463
BREEDING LIVESTOCK			
Ending inventory	88707	97967	91450
Capital sales	748	1048	1307
Beginning inventory	90738	100650	93108
Capital purchases	855	2324	964
Depreciation, capital adj.	-2138	-3959	-1316
MACHINERY AND EQUIPMENT			
Ending inventory	35447	47230	33520
Capital sales	343	833	38
Beginning inventory	38246	49501	36218
Capital purchases	10792	12871	11486
Depreciation, capital adj.	-13249	-14309	-14146
BUILDINGS AND IMPROVEMENTS			
Ending inventory	23967	30254	19269
Capital sales	250	-	-
Beginning inventory	25733	33578	21947
Capital purchases	2870	2383	2623
Depreciation, capital adj.	-4387	-5707	-5301
OTHER CAPITAL ASSETS			
Ending inventory	5904	8234	1413
Capital sales	1766	237	281
Beginning inventory	6719	9674	1520
Capital purchases	1508	182	214
Depreciation, capital adj.	-557	-1384	-41
Total depreciation, capital adj.	-20331	-25360	-20804
Net farm income	13910	-11748	35659

Table B6. **PROFITABILITY AND LIQUIDITY ANALYSIS, 1997**  
 10 to 75 Milk Cows, 20 Michigan Counties  
 (Farms sorted by Net Farm Income)

	Avg. Of All Farms	Avg. Of Low 25 %	Avg. Of High 25 %	Avg. Of All Farms	Avg. Of Low 25 %	Avg. Of High 25 %
Number of Farms	24	6	6	24	6	6
PROFITABILITY	-----	Cost -----	-----	-----	Market -----	-----
Net farm income	13910	-11748	35659	44296	13977	98604
Labor and management earnings	4537	-23556	25316	22523	-10538	69864
Rate of return on assets	-1.8 %	-8.4 %	5.7 %	4.9 %	-1.0 %	13.0 %
Rate of return on equity	-10.9 %	-22.8 %	4.4 %	3.9 %	-4.7 %	14.7 %
Operating profit margin	-4.2 %	-27.4 %	11.6 %	19.5 %	-5.2 %	52.9 %
Asset turnover rate	43.0 %	30.5 %	48.8 %	25.1 %	19.6 %	24.6 %
Interest on farm net worth	9372	11809	10343	21773	24515	28740
Farm interest expense	11026	13143	10112	11026	13143	10112
Value of operator lbr and mgmt.	30338	33081	27999	30338	33081	27999
Return on farm assets	-5402	-31686	17772	24984	-5961	80717
Average farm assets	298744	378611	313013	511729	590381	619633
Return on farm equity	-16428	-44829	7660	13959	-19104	70605
Average farm equity	151016	196815	172383	360793	408584	479003
Value of farm production	128386	115518	152668	128386	115518	152668

	Average Of All Farms	Average Of Low 25 %	Average Of High 25 %
Number of Farms	24	6	6
LIQUIDITY (Cash)			
Net cash farm income	32975	28886	37763
Net nonfarm income	7386	9651	3565
Family living and taxes	25797	23557	32402
Real estate principal payments	6011	8440	4734
Cash available for interm. debt	8552	6541	4192
Average intermediate debt	41339	28898	41938
Years to turnover interm. debt	4.8	4.4	10.0
Expense as a % of income	80 %	83 %	78 %
Interest as a % of income	7 %	8 %	6 %
LIQUIDITY (Accrual)			
Total accrual farm income	161774	155684	178238
Total accrual farm expense	127534	142072	121775
Net accrual operating income	34240	13612	56463
Net nonfarm income	7386	9651	3565
Family living and taxes	25797	23557	32402
Real estate principal payments	6011	8440	4734
Available for intermediate debt	9818	-8734	22892
Average intermediate debt	41339	28898	41938
Years to turnover interm. debt	4.2	**	1.8
Expense as a % of income	79 %	91 %	68 %
Interest as a % of income	7 %	8 %	6 %

\*\* Income insufficient to meet debt servicing requirements

Table B7. **BALANCE SHEET AT COST VALUES, 1997**  
**10 to 75 Milk Cows, 20 Michigan Counties**  
**(Farms sorted by Net Farm Income)**

Number of Farms	Average Of All Farms		Average Of Low 25 %		Average Of High 25 %	
	24		6		6	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>ASSETS</b>						
Current Farm Assets						
Cash and checking balance	5615	3470	15173	7244	1045	976
Prepaid expenses & supplies	860	2717	369	433	765	7054
Growing crops	2900	3733	2296	2287	3584	4967
Accounts receivable	1216	931	933	766	238	478
Hedging accounts	-	-	-	-	-	-
Crops held for sale or feed	41711	41811	43706	32884	49211	61587
Crops under government loan	-	-	-	-	-	-
Market livestock held for sale	2449	2805	1380	1903	5746	5464
Other current assets	1924	718	152	-	5303	-
Total current farm assets	56676	56185	64009	45519	65893	80528
Intermediate Farm Assets						
Breeding livestock	90738	88707	100650	97967	93108	91450
Machinery and equipment	38246	35447	49501	47230	36218	33520
Other intermediate assets	2212	1365	3359	1883	167	167
Total intermediate farm assets	131196	125518	153510	147080	129493	125137
Long-Term Farm Assets						
Farm land	82817	86350	135304	135304	83512	97647
Buildings and improvements	25733	23967	33578	30254	21947	19269
Other long-term assets	4507	4539	6315	6350	1354	1246
Total long-term farm assets	113057	114856	175197	171909	106813	118162
Total Farm Assets	300929	296559	392716	364507	302199	323827
Total Nonfarm Assets	15855	19197	1004	752	18025	30124
Total Assets	316783	315757	393719	365259	320224	353951
<b>LIABILITIES</b>						
Current Farm Liabilities						
Accrued interest	474	521	1138	1272	411	404
Accounts payable	3346	3437	4467	9045	7858	2868
Current notes	12168	12435	20688	23217	2500	10328
Government crop loans	-	-	-	-	-	-
Principal due on term debt	12389	13768	15648	14746	8099	7133
Total current farm liabilities	28378	30162	41941	48281	18869	20733
Intermediate Farm Liabilities	34312	33478	24947	17096	37886	38404
Long-term Farm Liabilities	84004	85123	116187	115143	71517	93850
Total Farm Liabilities	146694	148763	183075	180519	128272	152987
Total Nonfarm Liabilities	-	271	-	-	-	-
Total Liabilities	146694	149034	183075	180519	128272	152987
Net Worth (farm and nonfarm)	170090	166723	210645	184740	191952	200963
Net Worth Change		-3367		-25905		9011
<b>RATIO ANALYSIS</b>						
Current Farm Liabilities / Assets	50 %	54 %	66 %	106 %	29 %	26 %
Curr. & Interm Farm Liab / Assets	33 %	35 %	31 %	34 %	29 %	29 %
Long Term Farm Liab. / Assets	74 %	74 %	66 %	67 %	67 %	79 %
Total Liabilities / Assets	46 %	47 %	46 %	49 %	40 %	43 %

Table B8. **BALANCE SHEET AT MARKET VALUES, 1997**  
**10 to 75 Milk Cows, 20 Michigan Counties**  
**(Farms sorted by Net Farm Income)**

Number of Farms	Average Of All Farms		Average Of Low 25 %		Average Of High 25 %	
	24		6		6	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>ASSETS</b>						
Current Farm Assets						
Cash and checking balance	5615	3470	15173	7244	1045	976
Prepaid expenses & supplies	860	2717	369	433	765	7054
Growing crops	2900	3733	2296	2287	3584	4967
Accounts receivable	1216	931	933	766	238	478
Hedging accounts	-	-	-	-	-	-
Crops held for sale or feed	41711	41811	43706	32884	49211	61587
Crops under government loan	-	-	-	-	-	-
Market livestock held for sale	2449	2805	1380	1903	5746	5464
Other current assets	1924	718	152	-	5303	-
Total current farm assets	56676	56185	64009	45519	65893	80528
Intermediate Farm Assets						
Breeding livestock	90779	88707	100650	97967	93275	91450
Machinery and equipment	98930	103859	96333	102433	112667	124941
Other intermediate assets	2233	1386	3359	1883	250	250
Total intermediate farm assets	191942	193952	200342	202283	206192	216641
Long-Term Farm Assets						
Farm land	218484	239287	270018	275283	277925	333980
Buildings and improvements	19877	22712	37583	43849	18983	22525
Other long-term assets	11741	12602	19669	22205	8354	8246
Total long-term farm assets	250102	274601	327271	341337	305262	364751
Total Farm Assets	498720	524737	591622	589139	577347	661920
Total Nonfarm Assets	36065	38599	13913	13913	51126	52375
Total Assets	534785	563336	605535	603051	628473	714294
<b>LIABILITIES</b>						
Current Farm Liabilities						
Accrued interest	474	521	1138	1272	411	404
Accounts payable	3346	3437	4467	9045	7858	2868
Current notes	12168	12435	20688	23217	2500	10328
Government crop loans	-	-	-	-	-	-
Principal due on term debt	12389	13768	15648	14746	8099	7133
Total current farm liabilities	28378	30162	41941	48281	18869	20733
Intermediate Farm Liabilities	34312	33478	24947	17096	37886	38404
Long-term Farm Liabilities	84004	85123	116187	115143	71517	93850
Total Farm Liabilities	146694	148763	183075	180519	128272	152987
Total Nonfarm Liabilities	-	271	-	-	-	-
Total Deferred Liabilities	3207	3207	-	-	-	-
Total Liabilities	149901	152241	183075	180519	128272	152987
Net Worth (farm and nonfarm)	384885	411096	422460	422532	500201	561307
Net Worth Change		26211		72		61106
<b>RATIO ANALYSIS</b>						
Current Farm Liabilities / Assets	50 %	54 %	66 %	106 %	29 %	26 %
Curr. & Inter Farm Liab. / Assets	25 %	25 %	25 %	26 %	21 %	20 %
Long Term Farm Liabilities / Assets	34 %	31 %	36 %	34 %	23 %	26 %
Total Liabilities / Assets	28 %	27 %	30 %	30 %	20 %	21 %

Table B9. **STATEMENT OF CASH FLOWS, 1997**  
10 to 75 Milk Cows, 20 Michigan Counties  
(Farms sorted by Net Farm Income)

		Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms		24	6	6
(a) Beginning cash balance (farm & nonfarm)		5615	15173	1045
CASH FROM OPERATING ACTIVITIES				
Gross cash farm income		161977	166310	169824
Net nonfarm income	(+)	7386	9651	3565
Total cash farm expense	(-)	129002	137424	132061
Apparent family living expense	(-)	23824	21905	30868
Income and social security tax	(-)	1973	1652	1535
(b) Cash from operations	(=)	14564	14981	8925
CASH FROM INVESTING ACTIVITIES				
Sale of breeding livestock		748	1048	1307
Sale of machinery & equipment	(+)	343	833	38
Sale of farm land	(+)	-	-	-
Sale of farm buildings	(+)	250	-	-
Sale of other farm assets	(+)	1766	237	281
Sale of nonfarm assets	(+)	37	-	-
Purchase of breeding livestock	(-)	855	2324	964
Purchase of machinery & equip.	(-)	10792	12871	11486
Purchase of farm land	(-)	6194	-	24777
Purchase of farm buildings	(-)	2870	2383	2623
Purchase of other farm assets	(-)	1508	182	214
Purchase of nonfarm assets	(-)	-	-	-
(c) Cash from investing activities	(=)	-19077	-15642	-38440
CASH FROM FINANCING ACTIVITIES				
Money borrowed		30816	22241	60851
Cash gifts and inheritances	(+)	1464	-	83
Principal payments	(-)	28630	29510	31139
Dividends paid	(-)	-	-	-
Gifts given	(-)	1195	-	-
(d) Cash from financing activities	(=)	2455	-7268	29796
(e) Net change in cash balance (b+c+d)		-2058	-7929	282
Ending cash balance (farm & nonfarm)		3558	7244	1327

Table B10. **FINANCIAL GUIDELINES MEASURES, 1997**  
**10 to 75 Milk Cows, 20 Michigan Counties**  
**(Farms sorted by Net Farm Income)**

	Average For All Farms		Average For Low 25 %		Average For High 25 %	
Number of Farms	24		6		6	
LIQUIDITY	Beginning	Ending	Beginning	Ending	Beginning	Ending
Current ratio	2.00	1.86	1.53	0.94	3.49	3.88
Working capital	28298	26023	22068	-2762	47025	59794
SOLVENCY (Market)	Beginning	Ending	Beginning	Ending	Beginning	Ending
Farm debt to asset ratio	30 %	29 %	31 %	31 %	22 %	23 %
Farm equity to asset ratio	70 %	71 %	69 %	69 %	78 %	77 %
Farm debt to equity ratio	43 %	41 %	45 %	44 %	29 %	30 %
PROFITABILITY	Cost	Market	Cost	Market	Cost	Market
Rate of return on farm assets	-1.8 %	4.9 %	-8.4 %	-1.0 %	5.7 %	13.0 %
Rate of return on farm equity	-10.9 %	3.9 %	-22.8 %	-4.7 %	4.4 %	14.7 %
Operating profit margin	-4.2 %	19.5 %	-27.4 %	-5.2 %	11.6 %	52.9 %
Net farm income	13910	44296	-11748	13977	35659	98604
REPAYMENT CAPACITY	Cash	Accrual	Cash	Accrual	Cash	Accrual
Term debt coverage ratio	114 %	122 %	98 %	42 %	108 %	294 %
Capital replacement margin	2174	3440	-667	-15941	826	19526
EFFICIENCY						
Asset turnover rate (market)	25.1 %		19.6 %		24.6 %	
Operating expense ratio	72.0 %		82.8 %		62.6 %	
Depreciation expense ratio	12.6 %		16.3 %		11.7 %	
Interest expense ratio	6.8 %		8.4 %		5.7 %	
Net farm income ratio	8.6 %		-7.5 %		20.0 %	

LABOR ANALYSIS

	Average For All Farms		Average For Low 25 %		Average For High 25 %	
Number of Farms	23		5		6	
Total unpaid labor hours	4297		4278		4458	
Total hired labor hours	1330		1636		893	
Total labor hours per farm	5627		5914		5352	
Value of farm production / hour	22.28		16.75		28.53	
Net farm income / unpaid hour	3.50		-2.74		8.00	



Table B11. **OPERATOR INFORMATION & NONFARM SUMMARY, 1997**

10 to 75 Milk Cows, 20 Michigan Counties

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	24	6	6
OPERATOR INFORMATION			
Average number of operators	1.3	1.0	1.3
Average age of operators	47.1	48.3	49.3
Average number of years farming	23.3	26.7	24.7
NONFARM INCOME			
Nonfarm wages & salary	1392	2262	1885
Nonfarm business income	-	-	-
Nonfarm rental income	449	900	221
Nonfarm interest income	96	5	135
Nonfarm cash dividends	3	-	14
Tax refunds	490	952	287
Nontaxable nonfarm income	-	-	-
Gifts and inheritances	1464	-	83
Other nonfarm income	4956	5533	1023
Total nonfarm income	8850	9651	3648

	Average For All Farms	
	Beginning	Ending
NONFARM ASSETS (Mkt)		
Checking & savings	-	88
Stocks & bonds	500	558
Other current assets	-	-
Furniture & appliances	7416	8332
Nonfarm vehicles	1438	1563
Cash value of life ins.	5175	4998
Retirement accounts	1298	1797
Other intermediate assets	1612	1714
Nonfarm real estate	13656	14579
Other long term assets	4971	4971
Total nonfarm assets	36065	38599

Table C1. **Livestock and Crop Production Summary, 1997**  
76 to 120 Milk Cows, 17 Michigan Counties  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Dairy			
Number of farms	29	7	7
Avg. number of Cows	98.6	98.4	103.8
Milk produced per Cow	19204	20159	20663
Percent of barn capacity	92.8	83.0	96.6
Avg. milk price per cwt.	13.66	13.59	13.72
ACREAGE SUMMARY			
Total Acres Owned	330	283	460
Total Crop Acres	452	370	523
Crop Acres Owned	239	216	353
Crop Acres Cash Rented	211	153	170
Crop Acres Share Rented	2	-	-
AVERAGE PRICE RECEIVED (Cash Sales Only)			
Wheat, Winter per bu.	3.84	-	-
AVERAGE YIELD PER ACRE			
Hay, Alfalfa (ton)	3.98	-	-
Corn (bu.)	103.01	-	-
Corn Silage (ton)	13.60	-	-
Haylage, Alfalfa (ton)	8.09	-	-
Soybeans (bu.)	39.40	-	-
Hay, Grass (ton)	2.28	-	-
Wheat, Winter (bu.)	59.16	-	-
Hay, Mixed Alfalfa/Grass (ton)	2.72	-	-

Table C2. **FARM INCOME STATEMENT, 1997**  
76 to 120 Milk Cows, 20 Michigan Counties  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	29	7	7
CASH FARM INCOME			
Asparagus	259	-	1072
Corn	6743	4203	7525
Corn Silage	595	2429	-
Seed Corn	70	-	-
Alfalfa Hay	49	-	39
Mixed Hay	551	1555	110
Soybeans	6074	-	8071
Straw	101	3	188
Winter Wheat	4807	1478	7546
Finish Beef Calves	1694	7018	-
Milk	258540	269720	294276
Dairy Calves	2775	826	1549
Dairy Heifers (for sale)	31	-	129
Dairy Replacement Heifers	74	-	-
Dairy Steers	5217	13697	2862
Finish Feeder Pigs	29	-	122
Cull breeding livestock	12721	12016	17170
Deficiency payments	1141	614	1587
Other government payments	6865	5718	10262
Custom work income	235	57	124
Patronage dividends, cash	1560	2203	1648
Insurance income	857	743	877
Other farm income	4321	6491	3417
Gross Cash Farm Income	315308	328774	358574

Table C3. **FARM INCOME STATEMENT, 1997 (Continued)**

76 to 120 Milk Cows, 20 Michigan Counties

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	29	7	7
CASH FARM EXPENSE			
Seed	7139	5601	8975
Fertilizer	9707	11190	11376
Crop chemicals	8194	8052	5634
Crop insurance	129	21	29
Drying fuel	18	74	-
Crop marketing	281	4	1161
Crop miscellaneous	237	157	614
Feeder livestock purchase	17	-	71
Purchased feed	73529	102986	64316
Breeding fees	2031	2378	2282
Veterinary	8741	10311	8363
Livestock supplies	7891	6163	7887
Livestock leases	44	-	-
Livestock marketing	10911	11354	13194
Interest	18042	21940	7657
Fuel & oil	8266	6282	8026
Repairs	18057	17328	20330
Custom hire	4385	5234	3737
Hired labor	33468	30863	32572
Land rent	11212	8709	15573
Machinery & bldg leases	1746	57	1247
Real estate taxes	3484	4049	4913
Personal property taxes	512	25	11
Farm insurance	4804	6483	3962
Utilities	7726	8823	7325
Dues & professional fees	2320	2453	1892
Miscellaneous	12398	14798	9698
Total cash expense	255288	285336	240846
Net cash farm income	60020	43438	117728
INVENTORY CHANGES			
Crops and feed	14220	-6272	17048
Market livestock	-171	-3454	1593
Accounts receivable	1281	4214	-1029
Prepaid expenses and supplies	-1822	43	942
Accounts payable	424	-4291	4296
Total inventory change	13932	-9761	22850
Net operating profit	73952	33677	140578
DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS			
Breeding livestock	-10555	-20499	-9
Machinery and equipment	-15060	-21215	-23271
Buildings and improvements	-5222	-8567	400
Other farm capital	2044	3232	-2187
Total depr. and other capital adj	-28792	-47049	-25067
Net farm income	45160	-13372	115511

Table C4. **INVENTORY CHANGES, 1997**  
76 to 120 Milk Cows, 20 Michigan Counties  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	29	7	7
Net cash farm income	60020	43438	117728
CROPS AND FEED			
Ending inventory	76505	60247	84648
Beginning inventory	62285	66520	67600
Inventory change	14220	-6272	17048
MARKET LIVESTOCK			
Ending inventory	7648	15664	2753
Beginning inventory	7819	19119	1160
Inventory change	-171	-3454	1593
ACCTS RECEIVABLE & OTHER CURRENT ASSETS			
Ending inventory	13175	19026	10441
Beginning inventory	11895	14812	11471
Inventory change	1281	4214	-1029
PREPAID EXPENSES AND SUPPLIES			
Ending inventory	7015	3270	10784
Beginning inventory	8836	3227	9842
Inventory change	-1822	43	942
ACCOUNTS PAYABLE			
Beginning inventory	6881	18115	5646
Ending inventory	6457	22406	1350
Inventory change	424	-4291	4296
Total inventory change	13932	-9761	22850
Net operating profit	73952	33677	140578

Table C5. **DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS, 1997**

76 to 120 Milk Cows, 20 Michigan Counties

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	29	7	7
Net operating profit	73952	33677	140578
<b>BREEDING LIVESTOCK</b>			
Ending inventory	156149	161164	141887
Capital sales	3723	9684	1760
Beginning inventory	166130	190021	141914
Capital purchases	4298	1325	1743
Depreciation, capital adj.	-10555	-20499	-9
<b>MACHINERY AND EQUIPMENT</b>			
Ending inventory	51712	71419	45020
Capital sales	1803	4842	243
Beginning inventory	46785	64999	48603
Capital purchases	21791	32476	19931
Depreciation, capital adj.	-15060	-21215	-23271
<b>BUILDINGS AND IMPROVEMENTS</b>			
Ending inventory	40511	60183	32724
Capital sales	-	-	-
Beginning inventory	40926	67862	30362
Capital purchases	4806	888	1962
Depreciation, capital adj.	-5222	-8567	400
<b>OTHER CAPITAL ASSETS</b>			
Ending inventory	17298	25353	11502
Capital sales	7006	16154	1323
Beginning inventory	15787	23773	10890
Capital purchases	6473	14503	4122
Depreciation, capital adj.	2044	3232	-2187
Total depreciation, capital adj.	-28792	-47049	-25067
Net farm income	45160	-13372	115511

Table C6. **PROFITABILITY AND LIQUIDITY ANALYSIS, 1997**  
**76 to 120 Milk Cows, 20 Michigan Counties**  
**(Farms sorted by Net Farm Income)**

	Avg. Of All Farms	Avg. Of Low 25 %	Avg. Of High 25 %	Avg. Of All Farms	Avg. Of Low 25 %	Avg. Of High 25 %
Number of Farms	29	7	7	29	7	7
PROFITABILITY	----- Cost -----			----- Market -----		
Net farm income	45160	-13372	115511	77943	19273	127373
Labor and management earnings	29739	-29150	93911	43406	-11872	81088
Rate of return on assets	3.9 %	-4.1 %	12.9 %	6.3 %	1.0 %	8.0 %
Rate of return on equity	0.7 %	-17.6 %	14.7 %	6.0 %	-2.6 %	8.4 %
Operating profit margin	8.1 %	-12.0 %	19.4 %	21.4 %	4.3 %	23.2 %
Asset turnover rate	48.9 %	34.4 %	66.6 %	29.5 %	23.8 %	34.6 %
Interest on farm net worth	15420	15778	21600	34537	31145	46284
Farm interest expense	18105	21911	7777	18105	21911	7777
Value of operator lbr and mgmt.	43380	32537	62664	43380	32537	62664
Return on farm assets	19885	-23998	60624	52669	8647	72486
Average farm assets	503731	580359	468144	836550	839083	901965
Return on farm equity	1780	-45909	52847	34564	-13264	64709
Average farm equity	248210	260363	359999	575619	519087	771405
Value of farm production	246536	199777	311788	246536	199777	311788

	Average Of All Farms	Average Of Low 25 %	Average Of High 25 %
Number of Farms	29	7	7
LIQUIDITY (Cash)			
Net cash farm income	60020	43438	117728
Net nonfarm income	6807	13268	33
Family living and taxes	39644	28667	72890
Real estate principal payments	7996	3467	4490
Cash available for interm. debt	19187	24572	40381
Average intermediate debt	89905	124156	36112
Years to turnover interm. debt	4.7	5.1	0.9
Expense as a % of income	81 %	87 %	67 %
Interest as a % of income	6 %	7 %	2 %
LIQUIDITY (Accrual)			
Total accrual farm income	330637	323261	376186
Total accrual farm expense	256686	289584	235608
Net accrual operating income	73952	33677	140578
Net nonfarm income	6807	13268	33
Family living and taxes	39644	28667	72890
Real estate principal payments	7996	3467	4490
Available for intermediate debt	33119	14811	63231
Average intermediate debt	89905	124156	36112
Years to turnover interm. debt	2.7	8.4	0.6
Expense as a % of income	78 %	90 %	63 %
Interest as a % of income	5 %	7 %	2 %

Table C7. **BALANCE SHEET AT COST VALUES, 1997**  
**76 to 120 Milk Cows, 20 Michigan Counties**  
**(Farms sorted by Net Farm Income)**

Number of Farms	Average Of All Farms		Average Of Low 25 %		Average Of High 25 %	
	29		7		7	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>ASSETS</b>						
Current Farm Assets						
Cash and checking balance	6149	10567	-637	12164	2143	6459
Prepaid expenses & supplies	8836	7015	3227	3270	9842	10784
Growing crops	5925	6176	4165	3695	11471	9984
Accounts receivable	5334	6454	10283	15331	-	457
Hedging accounts	-	-	-	-	-	-
Crops held for sale or feed	62285	76505	66520	60247	67600	84648
Crops under government loan	-	-	-	-	-	-
Market livestock held for sale	7819	7648	19119	15664	1160	2753
Other current assets	635	545	363	-	-	-
Total current farm assets	96984	114909	103040	110372	92217	115086
Intermediate Farm Assets						
Breeding livestock	166130	156149	190021	161164	141914	141887
Machinery and equipment	46785	51712	64999	71419	48603	45020
Other intermediate assets	7983	6971	15299	16102	4804	5416
Total intermediate farm assets	220898	214833	270320	248685	195321	192323
Long-Term Farm Assets						
Farm land	130858	129412	141266	141266	132796	133288
Buildings and improvements	40926	40511	67862	60183	30362	32724
Other long-term assets	7804	10327	8474	9251	6086	6086
Total long-term farm assets	179588	180250	217601	210700	169243	172098
Total Farm Assets	497470	509992	590961	569756	456780	479507
Total Nonfarm Assets	31183	35496	2523	12721	60033	68765
Total Assets	528653	545488	593484	582477	516813	548272
<b>LIABILITIES</b>						
Current Farm Liabilities						
Accrued interest	394	457	1149	1121	77	197
Accounts payable	6487	6000	16966	21285	5569	1154
Current notes	14230	18950	21155	18138	9974	18782
Government crop loans	-	-	-	-	-	-
Principal due on term debt	22357	20865	26629	23457	8663	9475
Total current farm liabilities	43468	46272	65899	64001	24284	29607
Intermediate Farm Liabilities	78918	73130	96072	109347	36090	26556
Long-term Farm Liabilities	128457	140796	155697	148975	45495	54258
Total Farm Liabilities	250843	260198	317667	322323	105868	110421
Total Nonfarm Liabilities	1350	899	-	-	-	-
Total Liabilities	252193	261097	317667	322323	105868	110421
Net Worth (farm and nonfarm)	276461	284390	275816	260154	410945	437851
Net Worth Change		7929		-15662		26906
<b>RATIO ANALYSIS</b>						
Current Farm Liabilities / Assets	45 %	40 %	64 %	58 %	26 %	26 %
Curr. & Interm Farm Liab / Assets	39 %	36 %	43 %	48 %	21 %	18 %
Long Term Farm Liab. / Assets	72 %	78 %	72 %	71 %	27 %	32 %
Total Liabilities / Assets	48 %	48 %	54 %	55 %	20 %	20 %



Table C8. **BALANCE SHEET AT MARKET VALUES, 1997**  
**76 to 120 Milk Cows, 20 Michigan Counties**  
**(Farms sorted by Net Farm Income)**

Number of Farms	Average Of All Farms		Average Of Low 25 %		Average Of High 25 %	
	29		7		7	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>ASSETS</b>						
Current Farm Assets						
Cash and checking balance	6149	10567	-637	12164	2143	6459
Prepaid expenses & supplies	8836	7015	3227	3270	9842	10784
Growing crops	5925	6176	4165	3695	11471	9984
Accounts receivable	5334	6454	10283	15331	-	457
Hedging accounts	-	-	-	-	-	-
Crops held for sale or feed	62285	76505	66520	60247	67600	84648
Crops under government loan	-	-	-	-	-	-
Market livestock held for sale	7819	7648	19119	15664	1160	2753
Other current assets	635	545	363	-	-	-
Total current farm assets	96984	114909	103040	110372	92217	115086
Intermediate Farm Assets						
Breeding livestock	174601	164301	190021	161164	162136	162539
Machinery and equipment	160754	170278	158536	177282	179911	179606
Other intermediate assets	9228	7076	18599	17030	7187	5416
Total intermediate farm assets	344583	341655	367156	355476	349234	347562
Long-Term Farm Assets						
Farm land	324919	346978	288364	303998	383357	392564
Buildings and improvements	31301	36085	49186	48563	44171	45453
Other long-term assets	15943	19743	25616	26394	15000	19286
Total long-term farm assets	372164	402806	363166	378955	442528	457303
Total Farm Assets	813731	859370	833362	844803	883979	919951
Total Nonfarm Assets	51003	55081	29937	53186	61086	69818
Total Assets	864734	914451	863300	897989	945065	989769
<b>LIABILITIES</b>						
Current Farm Liabilities						
Accrued interest	394	457	1149	1121	77	197
Accounts payable	6487	6000	16966	21285	5569	1154
Current notes	14230	18950	21155	18138	9974	18782
Government crop loans	-	-	-	-	-	-
Principal due on term debt	22357	20865	26629	23457	8663	9475
Total current farm liabilities	43468	46272	65899	64001	24284	29607
Intermediate Farm Liabilities	78918	73130	96072	109347	36090	26556
Long-term Farm Liabilities	128457	140796	155697	148975	45495	54258
Total Farm Liabilities	250843	260198	317667	322323	105868	110421
Total Nonfarm Liabilities	1350	899	-	-	-	-
Total Deferred Liabilities	5263	5597	0	0	21805	23189
Total Liabilities	257456	266695	317668	322323	127674	133610
Net Worth (farm and nonfarm)	607278	647756	545632	575665	817391	856160
Net Worth Change		40478		30033		38768
<b>RATIO ANALYSIS</b>						
Current Farm Liabilities / Assets	45 %	40 %	64 %	58 %	26 %	26 %
Curr. & Inter Farm Liab. / Assets	28 %	26 %	34 %	37 %	14 %	12 %
Long Term Farm Liabilities / Assets	35 %	35 %	43 %	39 %	10 %	12 %
Total Liabilities / Assets	30 %	29 %	37 %	36 %	14 %	13 %

Table C9. **STATEMENT OF CASH FLOWS, 1997**  
76 to 120 Milk Cows, 20 Michigan Counties  
(Farms sorted by Net Farm Income)

		Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms		29	7	7
(a) Beginning cash balance (farm & nonfarm)		6648	501	2143
CASH FROM OPERATING ACTIVITIES				
Gross cash farm income		315308	328774	358574
Net nonfarm income	(+)	6807	13268	33
Total cash farm expense	(-)	255288	285336	240846
Apparent family living expense	(-)	38353	28417	70747
Income and social security tax	(-)	1292	250	2143
(b) Cash from operations	(=)	27183	28039	44871
CASH FROM INVESTING ACTIVITIES				
Sale of breeding livestock		3723	9684	1760
Sale of machinery & equipment	(+)	1803	4842	243
Sale of farm land	(+)	-	-	-
Sale of farm buildings	(+)	-	-	-
Sale of other farm assets	(+)	7006	16154	1323
Sale of nonfarm assets	(+)	4654	6	-
Purchase of breeding livestock	(-)	4298	1325	1743
Purchase of machinery & equip.	(-)	21791	32476	19931
Purchase of farm land	(-)	7007	200	-
Purchase of farm buildings	(-)	4806	888	1962
Purchase of other farm assets	(-)	6473	14503	4122
Purchase of nonfarm assets	(-)	1353	6	-
(c) Cash from investing activities	(=)	-28541	-18713	-24432
CASH FROM FINANCING ACTIVITIES				
Money borrowed		94125	95471	53245
Cash gifts and inheritances	(+)	3225	3971	1429
Principal payments	(-)	84811	95109	44397
Dividends paid	(-)	-	-	-
Gifts given	(-)	6850	857	26400
(d) Cash from financing activities	(=)	5689	3475	-16123
(e) Net change in cash balance (b+c+d)		4331	12801	4316
Ending cash balance (farm & nonfarm)		10979	13302	6459

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Table C10. **FINANCIAL GUIDELINES MEASURES, 1997**  
**76 to 120 Milk Cows, 20 Michigan Counties**  
**(Farms sorted by Net Farm Income)**

	Average For All Farms		Average For Low 25 %		Average For High 25 %	
Number of Farms	29		7		7	
LIQUIDITY	Beginning	Ending	Beginning	Ending	Beginning	Ending
Current ratio	2.23	2.48	1.56	1.72	3.80	3.89
Working capital	53516	68637	37141	46371	67933	85479
SOLVENCY (Market)	Beginning	Ending	Beginning	Ending	Beginning	Ending
Farm debt to asset ratio	31 %	31 %	38 %	38 %	14 %	14 %
Farm equity to asset ratio	69 %	69 %	62 %	62 %	86 %	86 %
Farm debt to equity ratio	46 %	45 %	62 %	62 %	17 %	17 %
PROFITABILITY	Cost	Market	Cost	Market	Cost	Market
Rate of return on farm assets	3.9 %	6.3 %	-4.1 %	1.0 %	12.9 %	8.0 %
Rate of return on farm equity	0.7 %	6.0 %	-17.6 %	-2.6 %	14.7 %	8.4 %
Operating profit margin	8.1 %	21.4 %	-12.0 %	4.3 %	19.4 %	23.2 %
Net farm income	45160	77943	-13372	19273	115511	127373
REPAYMENT CAPACITY	Cash	Accrual	Cash	Accrual	Cash	Accrual
Term debt coverage ratio	124 %	195 %	109 %	47 %	364 %	531 %
Capital replacement margin	4826	18758	1410	-8351	36207	59057
EFFICIENCY						
Asset turnover rate (market)	29.5 %		23.8 %		34.6 %	
Operating expense ratio	72.2 %		82.8 %		60.6 %	
Depreciation expense ratio	8.7 %		14.6 %		6.7 %	
Interest expense ratio	5.5 %		6.8 %		2.1 %	
Net farm income ratio	13.7 %		-4.1 %		30.7 %	

LABOR ANALYSIS

	Average For All Farms		Average For Low 25 %		Average For High 25 %	
Number of Farms	29		7		7	
Total unpaid labor hours	4789		4223		6857	
Total hired labor hours	3196		3427		3223	
Total labor hours per farm	7985		7650		10080	
Value of farm production / hour	30.88		26.12		30.93	
Net farm income / unpaid hour	9.43		-3.17		16.85	

Table C11. **OPERATOR INFORMATION & NONFARM SUMMARY, 1997**

76 to 120 Milk Cows, 20 Michigan Counties

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	29	7	7
OPERATOR INFORMATION			
Average number of operators	1.6	1.3	2.3
Average age of operators	50.3	49.5	57.7
Average number of years farming	27.5	33.0	37.7
NONFARM INCOME			
Nonfarm wages & salary	2795	8053	-
Nonfarm business income	-	-	-
Nonfarm rental income	363	680	-
Nonfarm interest income	212	788	33
Nonfarm cash dividends	1	-	-
Tax refunds	563	475	-
Nontaxable nonfarm income	-	-	-
Gifts and inheritances	3225	3971	1429
Other nonfarm income	2874	3271	-
Total nonfarm income	10032	17239	1461

	Average For All Farms	
	Beginning	Ending
NONFARM ASSETS (Mkt)		
Checking & savings	499	413
Stocks & bonds	762	860
Other current assets	-	366
Furniture & appliances	1534	1534
Nonfarm vehicles	1455	1297
Cash value of life ins.	11963	10571
Retirement accounts	2346	2548
Other intermediate assets	11596	14057
Nonfarm real estate	19985	22402
Other long term assets	862	1034
Total nonfarm assets	51003	55081

Table D1. **Livestock and Crop Production Summary, 1997**  
121 to 175 Milk Cows, 19 Michigan Counties  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Dairy			
Number of farms	34	9	9
Avg. number of Cows	147.2	140.2	144.1
Milk produced per Cow	20173	18600	21094
Percent of barn capacity	102.0	116.8	92.0
Avg. milk price per cwt.	13.92	13.86	13.95
ACREAGE SUMMARY			
Total Acres Owned	395	391	405
Total Crop Acres	662	598	768
Crop Acres Owned	330	326	343
Crop Acres Cash Rented	329	272	426
Crop Acres Share Rented	3	-	-
AVERAGE PRICE RECEIVED (Cash Sales Only)			
Corn per bu.	2.56	-	-
Wheat, Winter per bu.	3.39	-	-
AVERAGE YIELD PER ACRE			
Corn (bu.)	106.86	105.22	113.55
Hay, Alfalfa (ton)	4.40	-	-
Corn Silage (ton)	13.62	11.98	14.43
Haylage, Alfalfa (ton)	5.19	-	-
Soybeans (bu.)	41.88	-	-
Wheat, Winter (bu.)	59.66	-	-
Hay, Grass (ton)	2.70	-	-
Barley (bu.)	56.73	-	-
Oats (bu.)	62.80	-	-

Table D2. **FARM INCOME STATEMENT, 1997**  
 121 to 175 Milk Cows, 19 Michigan Counties  
 (Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	34	9	9
CASH FARM INCOME			
Cordwood	245	-	-
Corn	8689	3261	25749
Corn Silage	243	-	918
Mixed Hay	621	463	623
Alfalfa Haylage	13	-	-
Mixed Haylage	703	-	450
Maple Syrup	1	-	-
Oats	300	-	1132
Shrubs	6	-	-
Grain Sorghum	449	-	-
Soybeans	6707	4209	11707
Straw	222	100	107
Winter Wheat	4921	1658	10316
Finish Beef Calves	47	-	-
Milk	413311	361449	423847
Dairy Calves	1847	1755	2038
Dairy Replacement Heifers	999	207	1246
Dairy Steers	10644	5172	11659
Raised Hogs	5246	-	-
Finish Feeder Pigs	43	-	-
Weaning to Finish	28	-	-
Cull breeding livestock	19257	15235	20234
Misc. livestock income	256	669	-
Deficiency payments	971	1795	-
Other government payments	9878	8305	15317
Custom work income	3105	789	2863
Patronage dividends, cash	1906	2475	1260
Insurance income	2076	1674	-
Other farm income	2795	4116	592
Gross Cash Farm Income	495528	413331	530059

Table D3. **FARM INCOME STATEMENT, 1997 (Continued)**

121 to 175 Milk Cows, 19 Michigan Counties

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	34	9	9
CASH FARM EXPENSE			
Seed	9620	8761	11151
Fertilizer	23499	15337	34631
Crop chemicals	10639	11192	16828
Crop insurance	230	116	527
Drying fuel	678	239	2323
Crop marketing	219	1	582
Crop miscellaneous	492	507	743
Feeder livestock purchase	63	-	-
Purchased feed	113520	97571	106845
Breeding fees	3993	2448	4938
Veterinary	16184	14908	15942
Livestock supplies	16959	17601	20071
Livestock leases	726	1277	134
Livestock marketing	16351	15180	17129
Interest	30410	32696	25557
Fuel & oil	11624	12023	11020
Repairs	31594	28266	28133
Custom hire	7327	4297	8230
Hired labor	64910	71058	64541
Land rent	17114	11039	21805
Machinery & bldg leases	5584	11226	1341
Real estate taxes	4295	3474	4874
Personal property taxes	51	136	-
Farm insurance	6501	6336	5645
Utilities	11853	11228	10072
Dues & professional fees	3048	4519	2045
Miscellaneous	15892	7321	9934
Total cash expense	423379	388759	425040
Net cash farm income	72149	24572	105019
INVENTORY CHANGES			
Crops and feed	11415	-8323	31517
Market livestock	-1295	-27	870
Accounts receivable	-1097	461	-5039
Prepaid expenses and supplies	1585	-467	9188
Accounts payable	-3036	-7960	-3991
Total inventory change	7573	-16317	32545
Net operating profit	79722	8255	137564
DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS			
Breeding livestock	2458	2077	11543
Machinery and equipment	-28993	-22450	-29650
Buildings and improvements	-9833	-6060	-12861
Other farm capital	887	398	1261
Total depr. and other capital adj	-35481	-26034	-29708
Net farm income	44241	-17779	107856

Table D4. **INVENTORY CHANGES, 1997**  
121 to 175 Milk Cows, 19 Michigan Counties  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	34	9	9
Net cash farm income	72149	24572	105019
CROPS AND FEED			
Ending inventory	118068	109144	142829
Beginning inventory	106652	117468	111311
Inventory change	11415	-8323	31517
MARKET LIVESTOCK			
Ending inventory	7923	3516	7164
Beginning inventory	9218	3543	6294
Inventory change	-1295	-27	870
ACCTS RECEIVABLE & OTHER CURRENT ASSETS			
Ending inventory	15170	13576	15344
Beginning inventory	16267	13115	20383
Inventory change	-1097	461	-5039
PREPAID EXPENSES AND SUPPLIES			
Ending inventory	8607	5664	21241
Beginning inventory	7022	6132	12053
Inventory change	1585	-467	9188
ACCOUNTS PAYABLE			
Beginning inventory	16676	12097	3741
Ending inventory	19711	20057	7732
Inventory change	-3036	-7960	-3991
Total inventory change	7573	-16317	32545
Net operating profit	79722	8255	137564



Table D5. **DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS, 1997**

121 to 175 Milk Cows, 19 Michigan Counties

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	34	9	9
Net operating profit	79722	8255	137564
BREEDING LIVESTOCK			
Ending inventory	247839	222133	245514
Capital sales	5956	20281	117
Beginning inventory	244106	237746	231953
Capital purchases	7231	2592	2135
Depreciation, capital adj.	2458	2077	11543
MACHINERY AND EQUIPMENT			
Ending inventory	130822	161223	110048
Capital sales	3442	2073	3745
Beginning inventory	127506	152836	107700
Capital purchases	35750	32909	35743
Depreciation, capital adj.	-28993	-22450	-29650
BUILDINGS AND IMPROVEMENTS			
Ending inventory	95611	117493	85056
Capital sales	19	-	-
Beginning inventory	80058	74741	78113
Capital purchases	25406	48812	19805
Depreciation, capital adj.	-9833	-6060	-12861
OTHER CAPITAL ASSETS			
Ending inventory	15748	28132	12107
Capital sales	17145	50215	9389
Beginning inventory	21511	52925	11787
Capital purchases	10495	25024	8448
Depreciation, capital adj.	887	398	1261
Total depreciation, capital adj.	-35481	-26034	-29708
Net farm income	44241	-17779	107856

Table D6. **PROFITABILITY AND LIQUIDITY ANALYSIS, 1997**  
121 to 175 Milk Cows, 19 Michigan Counties  
(Farms sorted by Net Farm Income)

	Avg. Of All Farms	Avg. Of Low 25 %	Avg. Of High 25 %	Avg. Of All Farms	Avg. Of Low 25 %	Avg. Of High 25 %
Number of Farms	34	9	9	34	9	9
PROFITABILITY	----- Cost -----			----- Market -----		
Net farm income	44241	-17779	107856	73693	30298	92522
Labor and management earnings	21257	-42391	79529	33534	-14219	48870
Rate of return on assets	2.6 %	-3.8 %	9.1 %	4.7 %	1.3 %	5.4 %
Rate of return on equity	-2.8 %	-16.5 %	9.8 %	2.8 %	-2.4 %	4.3 %
Operating profit margin	5.2 %	-10.4 %	15.7 %	12.7 %	5.1 %	12.3 %
Asset turnover rate	50.5 %	36.4 %	58.3 %	36.7 %	25.9 %	43.4 %
Interest on farm net worth	22983	24612	28327	40159	44516	43652
Farm interest expense	31281	33601	26079	31281	33601	26079
Value of operator lbr and mgmt.	54953	47972	61574	54953	47972	61574
Return on farm assets	20569	-32150	72361	50021	15927	57028
Average farm assets	779600	851385	792226	1073343	1194731	1064275
Return on farm equity	-10712	-65751	46282	18741	-17675	30948
Average farm equity	379981	398592	472122	669320	741938	727532
Value of farm production	393426	309948	462105	393426	309948	462105

	Average Of All Farms	Average Of Low 25 %	Average Of High 25 %
Number of Farms	34	9	9
LIQUIDITY (Cash)			
Net cash farm income	72149	24572	105019
Net nonfarm income	5156	8165	3949
Family living and taxes	46597	43721	59232
Real estate principal payments	11042	18041	5843
Cash available for interm. debt	19667	-29025	43893
Average intermediate debt	141705	80819	113436
Years to turnover interm. debt	7.2	**	2.6
Expense as a % of income	85 %	94 %	80 %
Interest as a % of income	6 %	8 %	5 %
LIQUIDITY (Accrual)			
Total accrual farm income	504551	405442	557407
Total accrual farm expense	424830	397187	419843
Net accrual operating income	79722	8255	137564
Net nonfarm income	5156	8165	3949
Family living and taxes	46597	43721	59232
Real estate principal payments	11042	18041	5843
Available for intermediate debt	27239	-45342	76438
Average intermediate debt	141705	80819	113436
Years to turnover interm. debt	5.2	**	1.5
Expense as a % of income	84 %	98 %	75 %
Interest as a % of income	6 %	8 %	5 %

\*\* Income insufficient to meet debt servicing requirements

Table D7. **BALANCE SHEET AT COST VALUES, 1997**  
**121 to 175 Milk Cows, 19 Michigan Counties**  
**(Farms sorted by Net Farm Income)**

Number of Farms	Average Of All Farms		Average Of Low 25 %		Average Of High 25 %	
	34		9		9	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>ASSETS</b>						
Current Farm Assets						
Cash and checking balance	9927	7672	10735	6247	23452	8683
Prepaid expenses & supplies	7022	8607	6132	5664	12053	21241
Growing crops	8542	8922	8266	9204	11983	12288
Accounts receivable	4711	5848	3229	3869	-	3056
Hedging accounts	-	-	-	-	-	-
Crops held for sale or feed	102497	112472	117468	109144	95611	121773
Crops under government loan	4156	5596	-	-	15700	21056
Market livestock held for sale	9218	7923	3543	3516	6294	7164
Other current assets	3015	400	1620	504	8400	-
Total current farm assets	149087	157440	150993	138148	173494	195261
Intermediate Farm Assets						
Breeding livestock	244106	247839	237746	222133	231953	245514
Machinery and equipment	127506	130822	152836	161223	107700	110048
Other intermediate assets	4539	9282	2650	18463	5565	4682
Total intermediate farm assets	376152	387943	393231	401819	345218	360244
Long-Term Farm Assets						
Farm land	137386	152086	181239	185162	150299	183121
Buildings and improvements	80058	95611	74741	117493	78113	85056
Other long-term assets	16972	6466	50275	9668	6222	7425
Total long-term farm assets	234416	254163	306255	312323	234634	275602
Total Farm Assets	759655	799546	850479	852291	753346	831107
Total Nonfarm Assets	10029	17340	1581	1314	13803	13999
Total Assets	769684	816885	852059	853604	767149	845107
<b>LIABILITIES</b>						
Current Farm Liabilities						
Accrued interest	703	1573	756	1661	1386	1908
Accounts payable	15973	18138	11342	18397	2356	5825
Current notes	30459	37915	24747	52906	37239	31040
Government crop loans	3030	4178	-	-	11447	15722
Principal due on term debt	39042	35098	37201	26780	31113	35054
Total current farm liabilities	89207	96902	74046	99743	83541	89548
Intermediate Farm Liabilities	117380	113528	56783	69319	87733	89304
Long-term Farm Liabilities	176593	205628	292408	313287	139404	150679
Total Farm Liabilities	383179	416059	423237	482349	310678	329531
Total Nonfarm Liabilities	2329	1939	2456	1572	-	-
Total Liabilities	385509	417998	425693	483921	310678	329531
Net Worth (farm and nonfarm)	384175	398888	426366	369683	456470	515576
Net Worth Change		14713		-56683		59105
<b>RATIO ANALYSIS</b>						
Current Farm Liabilities / Assets	60 %	62 %	49 %	72 %	48 %	46 %
Curr. & Interm Farm Liab / Assets	39 %	39 %	24 %	31 %	33 %	32 %
Long Term Farm Liab. / Assets	75 %	81 %	95 %	100 %	59 %	55 %
Total Liabilities / Assets	50 %	51 %	50 %	57 %	40 %	39 %

Table D8. **BALANCE SHEET AT MARKET VALUES, 1997**  
**121 to 175 Milk Cows, 19 Michigan Counties**  
**(Farms sorted by Net Farm Income)**

Number of Farms	Average Of All Farms		Average Of Low 25 %		Average Of High 25 %	
	34		9		9	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>ASSETS</b>						
Current Farm Assets						
Cash and checking balance	9927	7672	10735	6247	23452	8683
Prepaid expenses & supplies	7022	8607	6132	5664	12053	21241
Growing crops	8542	8922	8266	9204	11983	12288
Accounts receivable	4711	5848	3229	3869	-	3056
Hedging accounts	-	-	-	-	-	-
Crops held for sale or feed	102497	112472	117468	109144	95611	121773
Crops under government loan	4156	5596	-	-	15700	21056
Market livestock held for sale	9218	7923	3543	3516	6294	7164
Other current assets	3015	400	1620	504	8400	-
Total current farm assets	149087	157440	150993	138148	173494	195261
Intermediate Farm Assets						
Breeding livestock	243401	247839	237746	222133	229286	245514
Machinery and equipment	233171	243607	201665	218838	226849	239216
Other intermediate assets	5947	10131	4539	20463	5565	4682
Total intermediate farm assets	482518	501577	443949	461435	461700	489412
Long-Term Farm Assets						
Farm land	305976	346583	394915	438850	325236	373433
Buildings and improvements	92336	95332	163909	166018	63200	33167
Other long-term assets	7905	7933	16020	15224	6222	7425
Total long-term farm assets	406217	449848	574844	620092	394658	414025
Total Farm Assets	1037822	1108864	1169786	1219675	1029852	1098698
Total Nonfarm Assets	41531	70541	19356	21077	58376	150443
Total Assets	1079354	1179406	1189143	1240752	1088228	1249141
<b>LIABILITIES</b>						
Current Farm Liabilities						
Accrued interest	703	1573	756	1661	1386	1908
Accounts payable	15973	18138	11342	18397	2356	5825
Current notes	30459	37915	24747	52906	37239	31040
Government crop loans	3030	4178	-	-	11447	15722
Principal due on term debt	39042	35098	37201	26780	31113	35054
Total current farm liabilities	89207	96902	74046	99743	83541	89548
Intermediate Farm Liabilities	117380	113528	56783	69319	87733	89304
Long-term Farm Liabilities	176593	205628	292408	313287	139404	150679
Total Farm Liabilities	383179	416059	423237	482349	310678	329531
Total Nonfarm Liabilities	2329	1939	2456	1572	-	-
Total Deferred Liabilities	3352	5051	-	-	12664	19082
Total Liabilities	388861	423049	425693	483921	323342	348613
Net Worth (farm and nonfarm)	690493	756357	763450	756831	764886	900528
Net Worth Change		65864		-6619		135642
<b>RATIO ANALYSIS</b>						
Current Farm Liabilities / Assets	60 %	62 %	49 %	72 %	48 %	46 %
Curr. & Inter Farm Liab. / Assets	33 %	32 %	22 %	28 %	27 %	26 %
Long Term Farm Liabilities / Assets	43 %	46 %	51 %	51 %	35 %	36 %
Total Liabilities / Assets	36 %	36 %	36 %	39 %	30 %	28 %

Table D9. **STATEMENT OF CASH FLOWS, 1997**  
121 to 175 Milk Cows, 19 Michigan Counties  
(Farms sorted by Net Farm Income)

		Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms		34	9	9
(a) Beginning cash balance (farm & nonfarm)		11748	11291	29385
CASH FROM OPERATING ACTIVITIES				
Gross cash farm income		495528	413331	530059
Net nonfarm income	(+)	5156	8165	3949
Total cash farm expense	(-)	423379	388759	425040
Apparent family living expense	(-)	42206	40973	52037
Income and social security tax	(-)	4391	2749	7195
(b) Cash from operations	(=)	30709	-10984	49736
CASH FROM INVESTING ACTIVITIES				
Sale of breeding livestock		5956	20281	117
Sale of machinery & equipment	(+)	3442	2073	3745
Sale of farm land	(+)	235	-	-
Sale of farm buildings	(+)	19	-	-
Sale of other farm assets	(+)	17145	50215	9389
Sale of nonfarm assets	(+)	1554	796	-
Purchase of breeding livestock	(-)	7231	2592	2135
Purchase of machinery & equip.	(-)	35750	32909	35743
Purchase of farm land	(-)	12607	6667	27889
Purchase of farm buildings	(-)	25406	48812	19805
Purchase of other farm assets	(-)	10495	25024	8448
Purchase of nonfarm assets	(-)	1276	556	-
(c) Cash from investing activities	(=)	-64414	-43194	-80769
CASH FROM FINANCING ACTIVITIES				
Money borrowed		120743	105801	162317
Cash gifts and inheritances	(+)	2990	415	718
Principal payments	(-)	91287	55636	147456
Dividends paid	(-)	-	-	-
Gifts given	(-)	737	444	60
(d) Cash from financing activities	(=)	31708	50135	15520
(e) Net change in cash balance (b+c+d)		-1997	-4044	-15513
Ending cash balance (farm & nonfarm)		9751	7247	13872

Table D10. **FINANCIAL GUIDELINES MEASURES, 1997**  
121 to 175 Milk Cows, 19 Michigan Counties  
(Farms sorted by Net Farm Income)

	Average For All Farms		Average For Low 25 %		Average For High 25 %	
Number of Farms	34		9		9	
LIQUIDITY	Beginning	Ending	Beginning	Ending	Beginning	Ending
Current ratio	1.67	1.62	2.04	1.39	2.08	2.18
Working capital	59881	60538	76947	38405	89953	105712
SOLVENCY (Market)	Beginning	Ending	Beginning	Ending	Beginning	Ending
Farm debt to asset ratio	37 %	38 %	36 %	40 %	31 %	31 %
Farm equity to asset ratio	63 %	62 %	64 %	60 %	69 %	69 %
Farm debt to equity ratio	59 %	61 %	57 %	65 %	46 %	45 %
PROFITABILITY	Cost	Market	Cost	Market	Cost	Market
Rate of return on farm assets	2.6 %	4.7 %	-3.8 %	1.3 %	9.1 %	5.4 %
Rate of return on farm equity	-2.8 %	2.8 %	-16.5 %	-2.4 %	9.8 %	4.3 %
Operating profit margin	5.2 %	12.7 %	-10.4 %	5.1 %	15.7 %	12.3 %
Net farm income	44241	73693	-17779	30298	107856	92522
REPAYMENT CAPACITY	Cash	Accrual	Cash	Accrual	Cash	Accrual
Term debt coverage ratio	72 %	96 %	-2 %	-36 %	203 %	384 %
Capital replacement margin	-8863	-1290	-48996	-65313	18623	51168
EFFICIENCY						
Asset turnover rate (market)	36.7 %		25.9 %		43.4 %	
Operating expense ratio	78.0 %		89.7 %		70.6 %	
Depreciation expense ratio	7.0 %		6.4 %		5.3 %	
Interest expense ratio	6.2 %		8.3 %		4.7 %	
Net farm income ratio	8.8 %		-4.4 %		19.3 %	

LABOR ANALYSIS

	Average For All Farms		Average For Low 25 %		Average For High 25 %	
Number of Farms	33		9		9	
Total unpaid labor hours	5043		4758		5688	
Total hired labor hours	6542		7938		6749	
Total labor hours per farm	11585		12696		12437	
Value of farm production / hour	33.94		24.41		37.16	
Net farm income / unpaid hour	8.62		-3.74		18.96	

Table D11. **OPERATOR INFORMATION & NONFARM SUMMARY, 1997**

121 to 175 Milk Cows, 19 Michigan Counties

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	34	9	9
OPERATOR INFORMATION			
Average number of operators	1.5	1.4	1.8
Average age of operators	49.5	54.6	49.6
Average number of years farming	22.0	26.6	22.3
NONFARM INCOME			
Nonfarm wages & salary	2415	4367	2838
Nonfarm business income	-37	0	-141
Nonfarm rental income	212	-	290
Nonfarm interest income	602	1102	279
Nonfarm cash dividends	28	-	-
Tax refunds	185	140	96
Nontaxable nonfarm income	-	-	-
Gifts and inheritances	2990	415	718
Other nonfarm income	1752	2555	586
Total nonfarm income	8146	8580	4667

	Average For All Farms	
	Beginning	Ending
NONFARM ASSETS (Mkt)		
Checking & savings	1821	2080
Stocks & bonds	-	-
Other current assets	-	-
Furniture & appliances	2529	2897
Nonfarm vehicles	1794	3206
Cash value of life ins.	3082	5983
Retirement accounts	6487	7026
Other intermediate assets	147	456
Nonfarm real estate	25671	48894
Other long term assets	-	-
Total nonfarm assets	41531	70541

Table E1. **Livestock and Crop Production Summary, 1997**  
 176 to 1,300 Milk Cows, 24 Michigan Counties  
 (Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Dairy			
Number of farms	45	11	11
Avg. number of Cows	338.9	321.9	563.2
Milk produced per Cow	21750	21011	22445
Percent of barn capacity	94.0	86.6	95.6
Avg. milk price per cwt.	13.71	13.88	13.70
ACREAGE SUMMARY			
Total Acres Owned	630	393	923
Total Crop Acres	1067	806	1696
Crop Acres Owned	619	318	817
Crop Acres Cash Rented	418	488	755
Crop Acres Share Rented	30	-	124
AVERAGE PRICE RECEIVED (Cash Sales Only)			
Wheat, Winter per bu.	3.20	-	-
Soybeans per bu.	6.19	-	-
Corn per bu.	2.69	-	-
AVERAGE YIELD PER ACRE			
Corn (bu.)	108.02	-	110.49
Corn Silage (ton)	17.87	-	18.73
Hay, Alfalfa (ton)	6.46	-	-
Soybeans (bu.)	44.02	-	-
Wheat, Winter (bu.)	64.52	-	-
Hay, Grass (ton)	4.90	-	-



Table E2. **FARM INCOME STATEMENT, 1997**  
176 to 1,300 Milk Cows, 24 Michigan Counties  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	45	11	11
CASH FARM INCOME			
Green Beans	750	-	2307
Cordwood	59	242	-
Corn	5142	3642	12414
Corn Silage	280	-	119
Seed Corn	838	-	-
Alfalfa Hay	290	-	-
Mixed Hay	176	327	224
Alfalfa Haylage	291	-	-
Mixed Haylage	385	-	1320
Popcorn	472	-	1931
Soybeans	9802	5876	13023
Straw	23	95	-
Sugar Beets	2519	-	-
Winter Wheat	7589	4602	11664
Finish Beef Calves	843	-	-
Milk	1010915	939138	1731564
Dairy Calves	5611	5178	10423
Dairy Heifers (for sale)	92	-	123
Dairy Replacement Heifers	202	214	111
Dairy Steers	14727	8689	25321
Raised Hogs	4	-	18
Finish Cull Cows	570	-	-
Cull breeding livestock	33581	28923	57868
Misc. livestock income	44	-	-
Deficiency payments	1120	1363	2481
CRP payments	391	292	-
Other government payments	15112	12267	23271
Custom work income	1930	1202	2967
Patronage dividends, cash	5379	5228	9687
Insurance income	7942	23549	1100
Other farm income	6672	3794	14325
Gross Cash Farm Income	1133752	1044621	1922262

Table E3. **FARM INCOME STATEMENT, 1997 (Continued)**

176 to 1,300 Milk Cows, 24 Michigan Counties

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	45	11	11
CASH FARM EXPENSE			
Seed	21511	15329	33480
Fertilizer	34643	19196	63382
Crop chemicals	21789	15684	32806
Crop insurance	533	611	359
Drying fuel	506	115	1442
Irrigation energy	525	-	928
Crop marketing	1089	4351	67
Crop miscellaneous	1158	111	3341
Feeder livestock purchase	24	-	-
Purchased feed	326038	322107	588553
Breeding fees	9671	5580	20365
Veterinary	38903	42172	54096
Livestock supplies	40115	29877	73845
Livestock leases	2058	-	4039
Grazing fees	33	-	136
Livestock marketing	37487	30437	59457
Interest	59049	88309	76834
Fuel & oil	21508	24575	29093
Repairs	53997	46769	79729
Custom hire	27523	45656	38378
Hired labor	178891	177381	307956
Land rent	33564	28357	51959
Machinery & bldg leases	12823	7779	30008
Real estate taxes	7881	6909	10517
Personal property taxes	28	-	-
Farm insurance	11832	13568	14307
Utilities	24586	26085	34402
Dues & professional fees	6766	4581	13972
Miscellaneous	41757	51090	61032
Total cash expense	1016289	1006627	1684483
Net cash farm income	117464	37994	237778
INVENTORY CHANGES			
Crops and feed	54713	28172	101692
Market livestock	1208	-2052	3332
Accounts receivable	-7815	-35945	102
Prepaid expenses and supplies	9880	-1883	46023
Accounts payable	-705	-929	9767
Total inventory change	57281	-12638	160916
Net operating profit	174745	25356	398694
DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS			
Breeding livestock	3810	-30831	42029
Machinery and equipment	-67256	-49506	-129257
Buildings and improvements	-20588	-23903	-26100
Other farm capital	546	-197	4699
Total depr. and other capital adj	-83488	-104437	-108630
Net farm income	91257	-79081	290065

Table E4. **INVENTORY CHANGES, 1997**  
176 to 1,300 Milk Cows, 24 Michigan Counties  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	45	11	11
Net cash farm income	117464	37994	237778
CROPS AND FEED			
Ending inventory	238305	170174	407536
Beginning inventory	183591	142002	305844
Inventory change	54713	28172	101692
MARKET LIVESTOCK			
Ending inventory	10881	6955	11953
Beginning inventory	9673	9007	8620
Inventory change	1208	-2052	3332
ACCTS RECEIVABLE & OTHER CURRENT ASSETS			
Ending inventory	53720	24856	121173
Beginning inventory	61535	60801	121071
Inventory change	-7815	-35945	102
PREPAID EXPENSES AND SUPPLIES			
Ending inventory	38448	3297	111986
Beginning inventory	28568	5179	65963
Inventory change	9880	-1883	46023
ACCOUNTS PAYABLE			
Beginning inventory	41511	93379	53374
Ending inventory	42217	94308	43607
Inventory change	-705	-929	9767
Total inventory change	57281	-12638	160916
Net operating profit	174745	25356	398694

Table E5. **DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS, 1997**  
176 to 1,300 Milk Cows, 24 Michigan Counties  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	45	11	11
Net operating profit	174745	25356	398694
BREEDING LIVESTOCK			
Ending inventory	566988	521250	918462
Capital sales	11648	22185	7396
Beginning inventory	521713	512752	806024
Capital purchases	53112	61513	77806
Depreciation, capital adj.	3810	-30831	42029
MACHINERY AND EQUIPMENT			
Ending inventory	261623	202670	485196
Capital sales	6080	15107	720
Beginning inventory	252129	213717	444662
Capital purchases	82830	53566	170512
Depreciation, capital adj.	-67256	-49506	-129257
BUILDINGS AND IMPROVEMENTS			
Ending inventory	239584	269050	367792
Capital sales	1847	2695	91
Beginning inventory	214549	249051	311799
Capital purchases	47470	46598	82185
Depreciation, capital adj.	-20588	-23903	-26100
OTHER CAPITAL ASSETS			
Ending inventory	50818	34178	120727
Capital sales	17978	7345	45303
Beginning inventory	48682	33170	109517
Capital purchases	19568	8549	51814
Depreciation, capital adj.	546	-197	4699
Total depreciation, capital adj.	-83488	-104437	-108630
Net farm income	91257	-79081	290065

Table E6. **PROFITABILITY AND LIQUIDITY ANALYSIS, 1997**  
176 to 1,300 Milk Cows, 24 Michigan Counties  
(Farms sorted by Net Farm Income)

	Avg. Of All Farms	Avg. Of Low 25 %	Avg. Of High 25 %	Avg. Of All Farms	Avg. Of Low 25 %	Avg. Of High 25 %
Number of Farms	45	11	11	45	11	11
PROFITABILITY	-----	Cost -----	-----	-----	Market -----	-----
Net farm income	91257	-79081	290065	159653	-40205	412669
Labor and management earnings	37604	-98257	180878	77507	-82897	263364
Rate of return on assets	5.1 %	-2.7 %	9.9 %	7.1 %	0.1 %	11.5 %
Rate of return on equity	3.1 %	-42.3 %	11.5 %	7.0 %	-12.3 %	13.3 %
Operating profit margin	10.1 %	-5.5 %	19.2 %	18.0 %	0.2 %	27.5 %
Asset turnover rate	50.9 %	49.2 %	51.6 %	39.5 %	37.9 %	41.8 %
Interest on farm net worth	53652	19176	109186	82146	42692	149305
Farm interest expense	59272	88328	75527	59272	88328	75527
Value of operator lbr and mgmt.	64111	46974	81196	64111	46974	81196
Return on farm assets	86417	-37727	284396	154814	1150	407000
Average farm assets	1688602	1387264	2870544	2178532	1800614	3539191
Return on farm equity	27145	-126055	208869	95542	-87179	331473
Average farm equity	888968	298187	1819772	1369096	711538	2488418
Value of farm production	859607	681856	1480864	859607	681856	1480864

	Average Of All Farms	Average Of Low 25 %	Average Of High 25 %
Number of Farms	45	11	11
LIQUIDITY (Cash)			
Net cash farm income	117464	37994	237778
Net nonfarm income	6247	5519	4655
Family living and taxes	78196	26422	154698
Real estate principal payments	24381	30346	42251
Cash available for interm. debt	21133	-13255	45484
Average intermediate debt	286753	374328	292700
Years to turnover interm. debt	13.6	**	6.4
Expense as a % of income	90 %	96 %	88 %
Interest as a % of income	5 %	8 %	4 %
LIQUIDITY (Accrual)			
Total accrual farm income	1181859	1034795	2027388
Total accrual farm expense	1007114	1009439	1628693
Net accrual operating income	174745	25356	398694
Net nonfarm income	6247	5519	4655
Family living and taxes	78196	26422	154698
Real estate principal payments	24381	30346	42251
Available for intermediate debt	78414	-25893	206400
Average intermediate debt	286753	374328	292700
Years to turnover interm. debt	3.7	**	1.4
Expense as a % of income	85 %	98 %	80 %
Interest as a % of income	5 %	9 %	4 %

\*\* Income insufficient to meet debt servicing requirements

Table E7. **BALANCE SHEET AT COST VALUES, 1997**  
**176 to 1,300 Milk Cows, 24 Michigan Counties**  
**(Farms sorted by Net Farm Income)**

Number of Farms	Average Of All Farms		Average Of Low 25 %		Average Of High 25 %	
	45		11		11	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>ASSETS</b>						
Current Farm Assets						
Cash and checking balance	25156	16531	1071	-3029	86737	34204
Prepaid expenses & supplies	28568	38448	5179	3297	65963	111986
Growing crops	10948	11472	10375	11697	14688	14838
Accounts receivable	39758	34478	47959	11228	81494	92920
Hedging accounts	-	-	-	-	-	-
Crops held for sale or feed	181898	233236	136948	164724	305844	405543
Crops under government loan	1694	5069	5055	5449	-0	1994
Market livestock held for sale	9673	10881	9007	6955	8620	11953
Other current assets	10829	7770	2467	1931	24889	13415
Total current farm assets	308524	357886	218061	202253	588236	686851
Intermediate Farm Assets						
Breeding livestock	521713	566988	512752	521250	806024	918462
Machinery and equipment	252129	261623	213717	202670	444662	485196
Other intermediate assets	44455	47361	31216	32393	107653	119017
Total intermediate farm assets	818297	875972	757685	756312	1358338	1522675
Long-Term Farm Assets						
Farm land	269419	285290	156352	162025	441701	460122
Buildings and improvements	214549	239584	249051	269050	311799	367792
Other long-term assets	4227	3456	1955	1785	1864	1710
Total long-term farm assets	488195	528331	407357	432860	755364	829624
Total Farm Assets	1615016	1762188	1383103	1391425	2701938	3039150
Total Nonfarm Assets	32138	35724	30912	31804	836	891
Total Assets	1647154	1797913	1414015	1423228	2702774	3040041
<b>LIABILITIES</b>						
Current Farm Liabilities						
Accrued interest	1535	1758	1014	1034	2552	1244
Accounts payable	39976	40459	92365	93274	50822	42363
Current notes	67172	91899	104519	134699	71174	84372
Government crop loans	1064	3642	3064	3760	0	1462
Principal due on term debt	73641	81693	92396	117838	83759	103992
Total current farm liabilities	183402	219465	293357	350605	208307	233432
Intermediate Farm Liabilities	230070	242859	290255	309750	240408	266194
Long-term Farm Liabilities	327093	396380	454137	480049	494051	659152
Total Farm Liabilities	740564	858704	1037749	1140403	942766	1158779
Total Nonfarm Liabilities	3250	2703	-	-	-	-
Total Liabilities	743814	861407	1037749	1140403	942766	1158779
Net Worth (farm and nonfarm)	903340	936506	376266	282825	1760008	1881263
Net Worth Change		33166		-93441		121255
<b>RATIO ANALYSIS</b>						
Current Farm Liabilities / Assets	59 %	61 %	135 %	173 %	35 %	34 %
Curr. & Interm Farm Liab / Assets	37 %	37 %	60 %	69 %	23 %	23 %
Long Term Farm Liab. / Assets	67 %	75 %	111 %	111 %	65 %	79 %
Total Liabilities / Assets	45 %	48 %	73 %	80 %	35 %	38 %

Table E8. **BALANCE SHEET AT MARKET VALUES, 1997**  
**176 to 1,300 Milk Cows, 24 Michigan Counties**  
**(Farms sorted by Net Farm Income)**

Number of Farms	Average Of All Farms		Average Of Low 25 %		Average Of High 25 %	
	45		11		11	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>ASSETS</b>						
Current Farm Assets						
Cash and checking balance	25156	16531	1071	-3029	86737	34204
Prepaid expenses & supplies	28568	38448	5179	3297	65963	111986
Growing crops	10948	11472	10375	11697	14688	14838
Accounts receivable	39758	34478	47959	11228	81494	92920
Hedging accounts	-	-	-	-	-	-
Crops held for sale or feed	181898	233236	136948	164724	305844	405543
Crops under government loan	1694	5069	5055	5449	-0	1994
Market livestock held for sale	9673	10881	9007	6955	8620	11953
Other current assets	10829	7770	2467	1931	24889	13415
Total current farm assets	308524	357886	218061	202253	588236	686851
Intermediate Farm Assets						
Breeding livestock	546565	591319	512752	521250	907689	1014001
Machinery and equipment	367532	400805	296042	322338	520217	571305
Other intermediate assets	44558	47990	31216	32393	107653	119017
Total intermediate farm assets	958655	1040113	840010	875981	1535559	1704323
Long-Term Farm Assets						
Farm land	570637	604789	435317	422860	804319	859427
Buildings and improvements	229994	278977	281672	321334	379304	516788
Other long-term assets	4007	3482	1955	1785	1864	1710
Total long-term farm assets	804639	887249	718944	745980	1185487	1377925
Total Farm Assets	2071817	2285248	1777015	1824213	3309282	3769099
Total Nonfarm Assets	36957	44788	33144	34462	836	891
Total Assets	2108774	2330036	1810159	1858675	3310118	3769990
<b>LIABILITIES</b>						
Current Farm Liabilities						
Accrued interest	1535	1758	1014	1034	2552	1244
Accounts payable	39976	40459	92365	93274	50822	42363
Current notes	67172	91899	104519	134699	71174	84372
Government crop loans	1064	3642	3064	3760	0	1462
Principal due on term debt	73641	81693	92396	117838	83759	103992
Total current farm liabilities	183402	219465	293357	350605	208307	233432
Intermediate Farm Liabilities	230070	242859	290255	309750	240408	266194
Long-term Farm Liabilities	327093	396380	454137	480049	494051	659152
Total Farm Liabilities	740564	858704	1037749	1140403	942766	1158779
Total Nonfarm Liabilities	3250	2703	-	-	-	-
Total Deferred Liabilities	10872	8733	-	-	-	-
Total Liabilities	754686	870140	1037749	1140403	942766	1158779
Net Worth (farm and nonfarm)	1354088	1459896	772410	718271	2367352	2611212
Net Worth Change		105808		-54138		243859
<b>RATIO ANALYSIS</b>						
Current Farm Liabilities / Assets	59 %	61 %	135 %	173 %	35 %	34 %
Curr. & Inter Farm Liab. / Assets	33 %	33 %	55 %	61 %	21 %	21 %
Long Term Farm Liabilities / Assets	41 %	45 %	63 %	64 %	42 %	48 %
Total Liabilities / Assets	36 %	37 %	57 %	61 %	28 %	31 %

Table E9. **STATEMENT OF CASH FLOWS, 1997**  
176 to 1,300 Milk Cows, 24 Michigan Counties  
(Farms sorted by Net Farm Income)

		Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms		45	11	11
(a) Beginning cash balance (farm & nonfarm)		25156	1071	86737
CASH FROM OPERATING ACTIVITIES				
Gross cash farm income		1133752	1044621	1922262
Net nonfarm income	(+)	6247	5519	4655
Total cash farm expense	(-)	1016289	1006627	1684483
Apparent family living expense	(-)	68820	24268	132907
Income and social security tax	(-)	9376	2154	21791
(b) Cash from operations	(=)	45514	17091	87735
CASH FROM INVESTING ACTIVITIES				
Sale of breeding livestock		11648	22185	7396
Sale of machinery & equipment	(+)	6080	15107	720
Sale of farm land	(+)	-	-	-
Sale of farm buildings	(+)	1847	2695	91
Sale of other farm assets	(+)	17978	7345	45303
Sale of nonfarm assets	(+)	568	-	18
Purchase of breeding livestock	(-)	53112	61513	77806
Purchase of machinery & equip.	(-)	82830	53566	170512
Purchase of farm land	(-)	17273	-	30603
Purchase of farm buildings	(-)	47470	46598	82185
Purchase of other farm assets	(-)	19568	8549	51814
Purchase of nonfarm assets	(-)	2795	-	985
(c) Cash from investing activities	(=)	-184928	-122894	-360375
CASH FROM FINANCING ACTIVITIES				
Money borrowed		320140	371277	376666
Cash gifts and inheritances	(+)	16500	0	-
Principal payments	(-)	202384	269574	150907
Dividends paid	(-)	-	-	-
Gifts given	(-)	3468	-	5652
(d) Cash from financing activities	(=)	130788	101704	220106
(e) Net change in cash balance (b+c+d)		-8625	-4100	-52534
Ending cash balance (farm & nonfarm)		16531	-3029	34204



Table E10. **FINANCIAL GUIDELINES MEASURES, 1997**  
**176 to 1,300 Milk Cows, 24 Michigan Counties**  
**(Farms sorted by Net Farm Income)**

	Average For All Farms		Average For Low 25 %		Average For High 25 %	
Number of Farms	45		11		11	
LIQUIDITY	Beginning	Ending	Beginning	Ending	Beginning	Ending
Current ratio	1.68	1.63	0.74	0.58	2.82	2.94
Working capital	125123	138420	-75296	-148353	379929	453419
SOLVENCY (Market)	Beginning	Ending	Beginning	Ending	Beginning	Ending
Farm debt to asset ratio	36 %	38 %	58 %	63 %	28 %	31 %
Farm equity to asset ratio	64 %	62 %	42 %	37 %	72 %	69 %
Farm debt to equity ratio	57 %	61 %	140 %	167 %	40 %	44 %
PROFITABILITY	Cost	Market	Cost	Market	Cost	Market
Rate of return on farm assets	5.1 %	7.1 %	-2.7 %	0.1 %	9.9 %	11.5 %
Rate of return on farm equity	3.1 %	7.0 %	-42.3 %	-12.3 %	11.5 %	13.3 %
Operating profit margin	10.1 %	18.0 %	-5.5 %	0.2 %	19.2 %	27.5 %
Net farm income	91257	159653	-79081	-40205	290065	412669
REPAYMENT CAPACITY	Cash	Accrual	Cash	Accrual	Cash	Accrual
Term debt coverage ratio	69 %	131 %	9 %	-6 %	103 %	227 %
Capital replacement margin	-28276	29005	-75305	-87943	3977	164893
EFFICIENCY						
Asset turnover rate (market)	39.5 %		37.9 %		41.8 %	
Operating expense ratio	80.2 %		89.0 %		76.6 %	
Depreciation expense ratio	7.1 %		10.1 %		5.4 %	
Interest expense ratio	5.0 %		8.5 %		3.7 %	
Net farm income ratio	7.7 %		-7.6 %		14.3 %	

LABOR ANALYSIS

	Average For All Farms	Average For Low 25 %	Average For High 25 %
Number of Farms	43	10	11
Total unpaid labor hours	5531	5194	6170
Total hired labor hours	14329	13167	21200
Total labor hours per farm	19860	18362	27370
Value of farm production / hour	43.02	33.49	54.11
Net farm income / unpaid hour	17.39	-13.71	47.01

Table E11. **OPERATOR INFORMATION & NONFARM SUMMARY, 1997**  
176 to 1,300 Milk Cows, 24 Michigan Counties  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	45	11	11
OPERATOR INFORMATION			
Average number of operators	1.8	1.8	2.2
Average age of operators	47.9	44.5	42.5
Average number of years farming	23.7	24.7	17.3
NONFARM INCOME			
Nonfarm wages & salary	553	-	-
Nonfarm business income	63	372	-138
Nonfarm rental income	1485	961	1810
Nonfarm interest income	2197	329	2983
Nonfarm cash dividends	53	95	-
Tax refunds	305	589	-
Nontaxable nonfarm income	-	-	-
Gifts and inheritances	16500	0	-
Other nonfarm income	1592	3174	-
Total nonfarm income	22747	5520	4655
NONFARM ASSETS (Mkt)			
	Average For All Farms		
	Beginning	Ending	
Checking & savings	-	-	
Stocks & bonds	-	-	
Other current assets	78	33	
Furniture & appliances	1978	2000	
Nonfarm vehicles	2153	2697	
Cash value of life ins.	5238	5326	
Retirement accounts	7855	10148	
Other intermediate assets	1956	2046	
Nonfarm real estate	12859	17728	
Other long term assets	4840	4811	
Total nonfarm assets	36957	44788	